

MUNICIPAL GOVERNMENT GUIDELINE TO THE BUDGET PROCESS

(Updated January 2009)



**WEST VIRGINIA STATE AUDITOR'S OFFICE
LOCAL GOVERNMENT SERVICES DIVISION
200 West Main Street
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Introduction

This Guideline will replace the annual budget materials traditionally mailed to the entity each year. The purpose of this Guideline is to provide a narrative of the entire budget process including instructions on preparing the levy estimate-budget, budget monitoring, budget revisions and a calendar of events.

The Guideline including the official Levy Estimate-Budget document, the Levy Order and Rate Sheets and other worksheet forms (Appendix A) are available for downloading from our website. This information is also available on a CD upon request. The forms have been developed in excel spreadsheet format; therefore, we recommend downloading the forms to your personal computer's hard drive in order to take full advantage of this tool. A copy of all forms has been included under Appendix "A". Please retain the Guideline for current and future reference. In the future, the only forms that will be mailed to the entity are the official Levy Estimate-Budget document and the Levy Order and Rate Sheet. All other worksheet forms included in Appendix "A" should be accessed from our website or the CD.

A brief description of all words in bold type may be found in the Guideline's Glossary.

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Links: Local Government Services Division
Municipal Government Budget Process

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Overview

W. Va. Code § 8-13-1

“Every municipality shall have plenary power and authority:

(1) To levy and collect taxes on real and personal property for any municipal purpose within the limitations and subject to the classifications prescribed by the Constitution and the general law of this State; and the assessment, levy and collection of such taxes shall be governed by the provisions of chapters eleven [§ 11-1-1 et seq.] and eleven-a [11A-1-1 et seq.] of this code;”

W. Va. Code §11-8-14. Levy estimate by municipality; certification to tax commissioner [state auditor] and publication.

A municipal governing body is required to determine the fiscal condition of the corporation and make an **itemized statement** between March 7 and March 28. This statement which is commonly referred to as the **Levy Estimate – Budget Document** is submitted to the state auditor for approval on or before March 28.

The meeting at which the corporation adopts the budget will stand adjourned until the third Tuesday in April. During this time period, March 28 through the third Tuesday in April, the State Auditor's Local Government Services Division will review the Levy Estimate – Budget Document for each of the 55 county commissions, 235 municipal corporations and the Schedule of Proposed Rates for each of the 55 boards of education. A notice is mailed to each entity notifying them of the state auditor's approval or **conditional approval** of the Budget. At the meeting on the 3rd Tuesday in April, the municipal governing body will officially **lay the levy** with the written approval of the state auditor.

The recording officer will then forward the **levy order/rate sheet** within three days to the state auditor. The **levy order/rate sheet** is a replica of the levy page submitted in the Levy Estimate – Budget Document to the state auditor for review and approval. The **levy order/rate sheet** submitted by the levying body is reviewed to ensure that it reflects the same rates that were approved by the state auditor. An “approved” copy of the **levy order/rate sheet** is then forwarded to the county assessor by the state auditor so that the assessor may enter the property tax rates into the statewide computer assisted assessment system and so that a property tax book may be printed. The assessor proofs the property tax books for errors and corrections are made. The final property tax books are printed and turned over to the sheriff by electronic media on or before June 7 so that the property tax statements may be printed and mailed to

the taxpayer by July 15. The property tax collection process begins and the sheriff distributes the taxes collected to the levying body by the 10th of each month. A summarized Calendar of Events appears on pages 3 -7.

In the early months of the **fiscal year**, the corporation may experience cash flow problems. Taxpayers receive a tax discount if their property taxes are paid on or before September 1st and March 1st. Many taxpayers do not pay their taxes until these dates so the tax distribution at the beginning and end of the **fiscal year** may be inadequate to cover monthly expenses. Without careful planning, the time frame associated with the collection and distribution of property taxes along with limited **fund balances** may result in cash flow problems for the entity.

W. Va. Code § 11-8-18 Tax Commissioner [state auditor] to furnish forms of statements and attorney general to furnish forms for elections.

“The tax commissioner [state auditor] shall prepare and furnish forms and instructions for making the statement required in sections ten, twelve and fourteen [§§ 11-8-10, 11-8-12 and 11-8-14] of this article. . . .”

Calendar of Events

January

Regional Workshops conducted during January and February by state auditor to assist entities with preparation of the Levy Estimate-Budget

Council:

Obtain the following data necessary to prepare the Levy Estimate – Budget for the coming fiscal year:

- Actual revenues and expenditures for last fiscal year.
- Budgeted revenues and expenditures for current fiscal year.
- Actual revenues and expenditures through December 31st of current fiscal year.
- Projected revenues for coming fiscal year
- Projected expenditures for coming fiscal year (See March 2)

February

Regional Workshops conducted by state auditor during January and February to assist entities with preparation of the Levy Estimate-Budget

Budget Documents – will be mailed not later than the first week in February.

Special Excess Levies - W. Va. Code § 11-8-16 and 17

If you have a special excess levy, a notice of election, sample ballot, and certified canvass of votes must be on file with the state auditor before the rate for a special excess levy may be approved.

Bond Debt Levy – W. Va. Code § 13-3-6

The Municipal Bond Commission shall render to each levying body having outstanding bonds a statement showing the amount to be raised by levy to pay the interest and principal on the outstanding bonds.

March

March 2: Department Heads should file a detailed request for appropriation with the levying body; finance committee, finance director, recorder, or city clerk.

**March 3: Certificates of Valuation & Roll Back Value Forms
W. Va. Code § 11-3-6, § 11-8-6e**

The county assessor is required to certify the assessed value of real and personal property and the clerk is to certify the assessed value of public utility properties not later than March 3

Public Hearings:

Council's Notice of public hearing regarding regular levy rates when rate results in a tax increase of more than 1% plus a percentage to be dedicated to the assessor.

- At least seven (7) days prior to the date of each hearing, one (1) notice must be placed outside the section of the newspaper reserved for legal notices and classified advertisements, in a newspaper of general circulation.
- Also publish as a legal advertisement one (1) time each week for two (2) successive weeks in two (2) newspapers of opposite politics, where available (Class II-O legal advertisement). The publication area is the county.
- Class IV Towns are not required to publish the notice of tax increase in the newspaper; however, the notice must be posted in four (4) prominent areas of the Town, including Town Hall.

March 7 - March 28: Budget Meetings - W. Va. Code § 11-8-9

West Virginia Code § 11-8-9 requires the governing body to hold a meeting or meetings between March 7 and March 28 to ascertain the fiscal condition of the municipality, and make an itemized statement which makes up what is commonly referred to as the Levy Estimate – Budget Document.

EACH DEPARTMENT HEAD/ELECTED OFFICIAL SHOULD RECEIVE A COPY OF THEIR DETAILED REQUEST FOR APPROPRIATION OUTLINING THE AMOUNT COUNCIL HAS APPROVED FOR THE OPERATION OF THEIR OFFICE IMMEDIATELY AFTER THE COUNCIL ADOPTS THE BUDGET.

March 29 (Prior To).

The levy estimate – budget should be submitted to the state auditor's local government services office for review prior to March 29.

April

Third Tuesday in April: State Auditor's approval and laying of the property tax levy rates - W. Va. Code § 11-8-10a

All Levy Estimate-Budgets must be finally approved by the state auditor's office no later than the third Tuesday in April. Council will reconvene on the third Tuesday in April to hear and consider any objections made orally or in writing by the prosecutor, state auditor or his representative, or by any taxpayer of the county. Council shall consider the proposed original estimate and the proposed rates of levy and if the objections are well taken, council should correct the estimate and levy. "No such estimate and levy, however, shall be entered until the same shall have first been approved, in writing by the state auditor." The recorder enters the estimate and levy, the order of the council's approval, and the written approval of the state auditor in the proper record book.

Within 3 days after the Third Tuesday: Recorder to forward order to the state auditor - W. Va. Code § 11-8-11

Within three days the recorder will prepare, certify and forward the levy order to the state auditor. The state auditor's office reviews each order and certifies the property tax levy rates to the county assessor who immediately extends the taxes in the land and personal property books. The land and personal property books are then turned over to the sheriff not later than **June 7** so that tax statements may be prepared and the collection process may begin.

June

June 7: Property books; time for completing; extension of levies; W. Va. Code § 11-3-19

Assessor turns property books over to sheriff so that the tax statements may be printed.

June 10: Final Budget Revision for current fiscal year:

The State Auditor must be in receipt of the final budget revision for the current fiscal year by June 10. This deadline date should better assure sufficient time to review, approve and return the request to the county before fiscal year end.

July

**July 15: Coal Severance Fund budget revision:
W. Va. Code § 11-13a-6**

The projected fund balance for July 1 should be revised to actual by July 15. If the entity finds the fund balance was revised in error for whatever reason, the fund balance may be corrected with another revision after this date.

**July 15: Notice of time and place for payment;
W. Va. Code § 11A-1-8**

Mailing of tax statements; after July 15 the sheriff may begin tax collection process for the new fiscal year.

July 30: General Fund budget revision:

The projected fund balance for July 1 should be revised by July 30. If the entity finds that the fund balance was revised in error for whatever reason, the fund balance may be corrected with another revision after this date.

August

**August 10 Payments by sheriff to municipal and county board of
education treasuries. W. Va. Code § 11A-1-15**

The county sheriff makes the first distribution of property taxes for the new fiscal year. The distribution should occur not later than the 10th day of each month.

September

Cities: Financial Statement due 90 days after beginning of each fiscal year: W. Va. Code § 8-13-23

Every City shall prepare a financial statement within ninety (90) days after the beginning of each fiscal year. The financial statement must be published as a Class I legal advertisement. The publication area is the municipality.

Towns and Villages: Financial Statement due 120 days after beginning of each fiscal year: W. Va. Code § 8-13-23

Every Town or Village shall prepare a financial statement within one hundred twenty (120) days after the beginning of each fiscal year. **If the governing body so elects**, they may also publish the financial statement as a Class I legal advertisement.

Uniform Chart of Accounts

W. Va. Code § 6-9-2

Uniform system of accounting and reporting for local government offices and agencies:

The State Auditor is the ex officio the chief inspector and supervisor of public offices. The chief inspector is required to formulate, prescribe and install a system of accounting and reporting which is uniform for all municipal governments.

The chart of accounts is designed to provide a uniform and orderly list from which the municipality may select the accounts applicable to their own accounting needs.

The chart of accounts includes a layout of the account number structure, a fund glossary, and a description for each of asset, liability, fund equity, revenue, and expenditure account.

The levy estimate – budget document incorporates the chart of accounts as the basis for providing a uniform and orderly list of revenues and expenditures to account for general and coal severance funds.

All account numbers are assigned by the State Auditor's Local Government Services Division. Please note that any new revenue or expenditure accounts assigned during the fiscal year are automatically included in the Levy Estimate – Budget document that you receive each year. You will note that the Chart of Accounts and the Budget include several “open” accounts. If you need an “open” account number assigned for a particular purpose, please contact the State Auditor's Local Government Services Division.

W. Va. Code § 6-9-3 Separate accounts for different appropriations or funds, departments, undertakings, etc.;

Separate accounts shall be kept for every appropriation or fund made or levied by a local governing body, showing the date and manner of each payment made out of the funds provided by such appropriation or levy, the name, address and vocation of each person, organization, corporation or association to who paid, and for what purpose paid. Separate accounts shall be kept for each department, public improvement, and undertaking, institution and public service industry under the jurisdiction of every local governing agency;

The Levy Estimate - Budget

W. Va. Code §11-8-9. Meetings of local levying bodies.

“Each local levying body shall hold a meeting or meetings between the seventh and twenty-eighth days of March for the transaction of business generally and particularly for the business herein required.”

W. Va. Code §11-8-14. Levy estimate by municipality; certification to tax commissioner [state auditor] and publication.

“The municipal governing body shall, at the session provided for in section nine [§ 11-8-9], ascertain the fiscal condition of the corporation, and make an itemized statement setting forth:

(1) The amount due and the amount that will become due and collectible from every source during the current fiscal year except from the levy of taxes to be made for the year; (Emphasis Provided)

(2) The interest, sinking fund and amortization requirements for the current fiscal year of bonded indebtedness legally incurred upon a vote of the people, as provided by law, prior to the adoption of the Tax Limitation Amendment [W. Va. Const., art. X, § 1];

(3) Other contractual indebtedness not bonded, legally incurred prior to the adoption of the Tax Limitation Amendment, owing by the municipality;

(4) All other expenditures to be paid out of the receipts for the municipality for the current fiscal year, with proper allowance for delinquent taxes, exonerations and contingencies;

(5) The total amount necessary to be raised by the levy of taxes for the current year;

(6) The proposed county levy in cents on each one hundred dollars' assessed valuation of each class of property; and

(7) The separate and aggregate amounts of the real, personal and public utility properties in each class in the municipality.

The recording officer of the municipality shall forward immediately a certified copy of the statement to the tax commissioner [state auditor], and shall publish the statement forthwith. The session shall then stand adjourned until the third Tuesday in April, at which time it shall reconvene.

Pursuant to W. Va. Code § 11-8-14 the municipal governing body is to first determine the revenues available from all sources, except for the levy of property taxes; the amount of principle and interest due on bonded debt, the amount due on other contractual services and all other expenditures for the current year. Once all revenues and all expenditures for the current year have been ascertained, the corporation should then set the property tax rate for current expense at a level that allows them to balance the budget.

The following pages of the Guideline are designed to assist the municipal governing body with the preparation of the **"itemized statement"** or the Levy Estimate Budget within the defined parameter of W. Va. Code § 11-8-6d, §11-8-6e and § 11-8-14.

Coal Severance Tax Budget

W. Va. Code 11-13A-6

(Emphasis Supplied)

§11-13A-6. Additional tax on the severance, extraction and production of coal; dedication of additional tax for benefit of counties and municipalities; distribution of major portion of such additional tax to coal-producing counties; distribution of minor portion of such additional tax to all counties and municipalities; reports; rules; special funds in office of state treasurer; method and formulas for distribution of such additional tax; expenditure of funds by counties and municipalities for public purposes; special funds in counties and municipalities; and requiring special county and municipal budgets and reports thereon.

(a) *Additional coal severance tax.* -- Upon every person exercising the privilege of engaging or continuing within this state in the business of severing coal, or preparing coal (or both severing and preparing coal), for sale, profit or commercial use, there is hereby imposed an additional severance tax, the amount of which shall be equal to the value of the coal severed or prepared (or both severed and prepared), against which the tax imposed by section three of this article is measured as shown by the gross proceeds derived from the sale of the coal by the producer, multiplied by thirty-five one hundredths of one percent. The tax imposed by this subsection is in addition to the tax imposed by section three of this article, and this additional tax is referred to in this section as the "additional tax on coal".

(b) This additional tax on coal is imposed pursuant to the provisions of section six-a, article ten of the West Virginia constitution. Seventy-five percent of the net proceeds of this additional tax on coal shall be distributed by the state treasurer in the manner specified in this section to the various counties of this state in which the coal upon which this additional tax is imposed was located at the time it was severed from the ground. Those counties are referred to in this section as the "coal-producing counties". The remaining twenty-five percent of the net proceeds of this additional tax on coal shall be distributed among all the counties and municipalities of this state in the manner specified in this section.

(c) The additional tax on coal shall be due and payable, reported and remitted as elsewhere provided in this article for the tax imposed by section three of this article, and all of the enforcement and other provisions of this article shall apply to the additional tax. In addition to the reports and other information required under the provisions of this article and the tonnage reports required to be filed under the provisions of section seventy-seven, article two, chapter twenty-two-a of this code, the

tax commissioner is hereby granted plenary power and authority to promulgate reasonable rules requiring the furnishing by producers of such additional information as may be necessary to compute the allocation required under the provisions of subsection (f) of this section. The tax commissioner is also hereby granted plenary power and authority to promulgate such other reasonable rules as may be necessary to implement the provisions of this section: *Provided*, That notwithstanding any language contained in this code to the contrary, the gross amount of additional tax on coal collected under this article shall be paid over and distributed without the application of any credits against the tax imposed by this section.

(d) In order to provide a procedure for the distribution of seventy-five percent of the net proceeds of the additional tax on coal to the coal-producing counties, the special fund known as the "county coal revenue fund" established in the state treasurer's office by chapter one hundred sixty-two, acts of the Legislature, regular session, one thousand nine hundred eighty-five, as amended and reenacted in subsequent acts of the Legislature, is hereby continued. In order to provide a procedure for the distribution of the remaining twenty-five percent of the net proceeds of the additional tax on coal to all counties and municipalities of the state, without regard to coal having been produced therein, the special fund known as the "all counties and municipalities revenue fund" established in the state treasurer's office by chapter one hundred sixty-two, acts of the Legislature, regular session, one thousand nine hundred eighty-five, as amended and reenacted in subsequent acts of the Legislature, is hereby re-designated as the "all counties and municipalities coal revenue fund" and is hereby continued.

Seventy-five percent of the net proceeds of such additional tax on coal shall be deposited in the county coal revenue fund and twenty-five percent of the net proceeds shall be deposited in the all counties and municipalities coal revenue fund, from time to time, as the proceeds are received by the tax commissioner. The moneys in the funds shall be distributed to the respective counties and municipalities entitled to the moneys in the manner set forth in subsection (e) of this section.

(e) The moneys in the county coal revenue fund and the moneys in the all counties and municipalities coal revenue fund shall be allocated among and distributed quarterly to the counties and municipalities entitled to the moneys by the state treasurer in the manner specified in this section. On or before each distribution date, the state treasurer shall determine the total

amount of moneys in each fund which will be available for distribution to the respective counties and municipalities entitled to the moneys on that distribution date. The amount to which a coal-producing county is entitled from the county coal revenue fund shall be determined in accordance with subsection (f) of this section, and the amount to which every county and municipality is entitled from the all counties and municipalities coal revenue fund shall be determined in accordance with subsection (g) of this section. After determining as set forth in subsection (f) and subsection (g) of this section the amount each county and municipality is entitled to receive from the respective fund or funds, a warrant of the state auditor for the sum due to each county or municipality shall issue and a check drawn thereon making payment of such amount shall thereafter be distributed to each such county or municipality.

(f) The amount to which a coal-producing county is entitled from the county coal revenue fund shall be determined by: (1) Dividing the total amount of moneys in the fund then available for distribution by the total number of tons of coal mined in this state during the preceding quarter; and (2) multiplying the quotient thus obtained by the number of tons of coal removed from the ground in the county during the preceding quarter.

(g) The amount to which each county and municipality is entitled from the all counties and municipalities coal revenue fund shall be determined in accordance with the provisions of this subsection. For purposes of this subsection "population" means the population as determined by the most recent decennial census taken under the authority of the United States: (1) The treasurer shall first apportion the total amount of moneys available in the all counties and municipalities coal revenue fund by multiplying the total amount in the fund by the percentage which the population of each county bears to the total population of the state. The amount thus apportioned for each county is the county's "base share". (2) Each county's base share shall then be subdivided into two portions. One portion is determined by multiplying the base share by that percentage which the total population of all unincorporated areas within the county bears to the total population of the county, and the other portion is determined by multiplying the base share by that percentage which the total population of all municipalities within the county bears to the total population of the county. The former portion shall be paid to the county and the latter portion is the "municipalities' portion" of the county's base share. The percentage of the latter portion to which each municipality in the county is entitled shall be determined by multiplying

the total of the latter portion by the percentage which the population of each municipality within the county bears to the total population of all municipalities within the county.

(h) All counties and municipalities shall create a "coal severance tax revenue fund" which shall be the depository for moneys distributed to any county or municipality under the provisions of this section, from either or both special funds. Moneys in the coal severance tax revenue fund, in compliance with subsection (i) of this section, may be expended by the county commission or governing body of the municipality for such public purposes as the county commission or governing body shall determine to be in the best interest of the people of its respective county or municipality: *Provided*, That in counties with population in excess of two hundred thousand, at least seventy-five percent of the funds received from the county coal revenue fund shall be apportioned to, and expended within the coal-producing area or areas of the county, said coal-producing areas of each county to be determined generally by the state tax commissioner: *Provided, however*, That the coal severance tax revenue fund moneys shall not be budgeted for personal services in an amount to exceed one fourth of the total funds available in such fund.

(i) On or before the twenty-eighth day of March, one thousand nine hundred eighty-six, and each twenty-eighth day of March thereafter, each county commission or governing body of a municipality receiving such revenue shall submit to the tax commissioner [state auditor] on forms provided by the tax commissioner [state auditor] a special budget, detailing how such revenue is to be spent during the subsequent fiscal year. Such budget shall be followed in expending the revenue unless a subsequent budget is approved by the state tax commissioner [state auditor]. All unexpended balances remaining in coal severance tax revenue fund at the close of a fiscal year shall be re-appropriated to the budget of the county commission or governing body for the subsequent fiscal year. The re-appropriation shall be entered as an amendment to the new budget and submitted to the tax commissioner [state auditor] on or before the fifteenth day of July of the current budget year.

(j) On or before the fifteenth day of December, one thousand nine hundred eighty-six, and each fifteenth day of December thereafter, the tax commissioner [state auditor] shall deliver to the clerk of the Senate and the clerk of the House of Delegates a consolidated report of the special budgets, created by subsection (i) of this section, for all county commissions and municipalities as of the fifteenth day of July of the current year.

(k) The state tax commissioner shall retain for the benefit of the state from the additional taxes on coal collected the amount of thirty-five thousand dollars annually as a fee for the administration of such additional tax by the tax commissioner.

Coal Severance Tax Budget Pertinent Points

1. **Separate Fund:** The levying body is required to establish a separate fund for the deposit of coal severance revenue.
2. **Public Purpose:** Coal severance funds may be used for any public purpose
3. **75% Rule:** In counties where the population exceeds 200,000 at least 75% of the coal severance funds must be expended in the coal producing areas of the county. **Applies to Kanawha County only.**

4. **25% Rules:** Not more than 25% of the fund may be used for personal services. For example:

299	Unencumbered Fund Balance	25,000
305	Coal Severance Revenue	100,000
365	Interest	<u>5,000</u>
	Total Coal Severance Fund Budget	130,000
		X <u>25%</u>
	Restriction on personal services	<u><u>32,500</u></u>

5. **Budget:** The levying body is required to adopt a Budget for Coal Severance Funds and submit the Budget to the State Auditor for approval on or before March 28th of each year.
6. **Fund Balance Budget Revision:** The projected fund balance should be revised to actual fund balance by July 15th.
7. **Consolidated Budget Report:** On or before December 15th of each year the state auditor shall deliver to the Clerk of the Senate and the Clerk of the House a consolidated budget report for all counties and municipalities as of July 15th of the current year.

Revenue Projections-General Funds

Before the municipal governing body prepares the formal **itemized statement (Levy Estimate-Budget Document)** there is much work to be done as they determine the fiscal condition of the municipality and the financial needs and requirements of elected officials and department heads. (The Levy Estimate-Budget Document will hereafter be referred to as simply the Budget.)

In order to prepare the Budget for the coming fiscal year, the governing body should gather data relevant to revenue and expenditure patterns for at least the current and last fiscal year. The state auditor prescribes and furnishes forms that allow for a systematic gathering of this information (*Appendix A*). They are:

- Revenue Projections
- Budget Proposal for Elected Officials/Department Heads

The format allows the entity to systematically pull together the actual revenues and expenditures for the last fiscal year, the budgeted revenues and expenditures for the current year, the actual revenues received and expenditures made through December 31 for the current year and the projected revenues and expenditures for the upcoming fiscal year. Counties using computer assisted financial programs have this type of data available on a historical basis.

At a minimum, this information should be ascertained in an effort to support and document the formal Budget adopted by the governing body and submitted to the state auditor for approval.

Revenue Projections for the general fund appear on pages 4-5 of the budget document and Coal Severance Tax Fund appears on page 6. Examples of the type of revenues that may be reflected as part of the municipality's general fund are:

Account Number	Description
301-01	Ad Valorem Property Taxes-Current Year
303	Gas & Oil Severance Tax
304	Excise Tax on Utilities
305	Business & Occupation Tax
320	Fines, Fees, & Court Cost
328	Franchise Fees
330	IRP Fees
380	Interest Earned
390	Bingo
397	Limited Video Lottery

Please review the Chart of Accounts for a complete listing of various revenue accounts. The Chart of Accounts also includes a brief description of the revenue type along with possible restrictions that may apply to the expenditure of such revenues. A review of the restrictions will assist in the preparation of the budget. A few revenues which are statutorily restricted are:

Account Number	Description
303	Gas & Oil severance Tax
310	Coal Severance Tax
308	Hotel Occupancy Tax
350	Refuse Collection Fees
351	Police Protection Fees
352	Fire Protection Fees
355	Street Fees

Account #299, Unencumbered Fund Balance:

In addition to estimating and classifying projected revenues for the upcoming fiscal year, the levying body should also project how much, if any, funds will be carried over from the current fiscal year to the new fiscal year. The carry-over is classified as an Unencumbered Balance, account #299. Conservatism should be exercised when projecting the carry-over balance. Likewise, if a significant carry-over is projected, additional information should be submitted with the Budget which explains the reasons for the amount estimated. Finally, any Budget submitted with a negative carry – over balance should also be accompanied by a letter of explanation.

Other Examples:

An appropriation in Account # 369, Contributions from Other Funds, requires the entity to provide supplementary information setting forth the type of funds being transferred, the purpose for the transfer, and the dollar amount being transferred if funds are being transferred from more than one fund.

Account # 399 Miscellaneous Revenue and Account # 381 and #382 Reimbursements and Refunds are examples of other accounts that are monitored with respect to the total amount projected for these purposes. Please remember that miscellaneous revenue is only that revenue generated which is not ongoing and/or cannot be properly classified under any other revenue account. Refunds and reimbursements should only include money received for overpayment or return of goods or services from external sources.

Again, please review the Uniform Chart of Accounts for a complete description of revenue and expenditure accounts which may be either statutorily or administratively restricted.

PROPERTY TAX REVENUE

Certificate of Valuation

Property Tax Rates

**Assessed Valuation for Calculating the Reduced
“Rolled Back” Levy Rate**

Calculating the Reduced “Rolled Back” Rate

**Increasing the Reduced “Rolled Back” Rate and the
Public Hearing Requirements**

The Levy Page

Certificate of Valuations

Based on a statewide average, property tax revenue generally makes up approximately **16%** of the total funds available for current expense. Therefore, property tax revenue is an important revenue source. *(This percentage does not take into account the funds generated from special excess levies for specific purposes that are not included in the general fund nor does it consider revenue generated for bond levies.)*

The county assessor is charged with the appraisal and assessment of real and personal property and the board of public works is charged with setting the value for public utility property. Public utility values are certified pursuant to W. Va. Code § 11-6-13 to the county commission and the clerk of the county commission certifies the values to the **levying body**. Pursuant to W. Va. Code 11-3-6 the assessor will certify the value of all real and personal property and the clerk of the county commission will certify the public utility value to each **levying body** on or before March 3. In order to facilitate these certifications the assessor and the county clerk jointly certify values on a form prescribed and furnished by the State Department of Tax and Revenue. This form is commonly referred to as the **Certificate of Valuations**. The certification is addressed to the municipality and signed by both the county assessor and the county clerk. The amounts reported in the various columns include:

A. Total Assessed Value: This column includes the total assessed valuation by class and purpose; including, back tax property, new property and improvement values, incremental values and homestead exempt values.

B. All Other Exempt Property: This column includes the assessment of any other exempt property such as churches and property owned by the municipal corporation etc.

C. Gross Assessed Value: This is the amount of value reported in column A plus the value reported in column B. All other exempt property must be added to the total assessed value in column A in order to determine the "gross assessed value" for the municipality.

D. Homestead Exempt Value: This column breaks down the amount of value reported in column A that is attributable to homestead exempt property values.

E. Assessed Value for Tax Purposes: This column subtracts the amount reported in column D from column A. Homestead values must be deducted for tax purposes and budget purposes because the municipality will not generate tax revenues on homestead exempt values. Column E – Assessed Value for Tax Purposes are the values used on the **levy page** (page 3 of the Budget) to project the amount of taxes that will be available for general current expense.

The Certificate of Valuation reports the value by type of property (real, personal and public utility) and by class of property (**Class I, Class II, Class III, and Class IV**). The various **classes of property** are defined in the Glossary. A sample Certificate of Valuation appears on page 28.

Property Tax Levy Rates

Property tax levy rates are determined based on the values certified by the county assessor and county clerk. Generally speaking West Virginia Constitution Article X, Section 1, W. Va. Code § 11-8-6b, 6c, and 6d, (current & bond levies), § 11-8-6e (current & bond levies), and § 11-8-16 (excess levies) dictate the maximum levy rates available for current expense levies, bond levies and excess levies. The following chart outlines the maximum current and bonded debt rates as provided by the previous references for state, county, school and municipal levies:

Current & Bond Levies In Cents per \$100 of Assessed Valuation

Purpose	Class I	Class II	Class III	Class IV
State	.25	.50	1.00	1.00
County Current	11.90	23.80	47.60	47.60
County Debt	.25	.50	1.00	1.00
District Debt	<u>2.15</u>	<u>4.30</u>	<u>8.60</u>	<u>8.60</u>
Total County	14.30	28.60	57.20	57.20
School Current	21.10	42.20	84.40	84.40
School Debt	.35	.70	1.40	1.40
Permanent Improvement	<u>1.50</u>	<u>3.00</u>	<u>6.00</u>	<u>6.00</u>
Total School	22.95	45.90	91.80	91.80
Municipal Current	11.00	22.00	XXXX	44.00
Municipal Debt	<u>1.50</u>	<u>3.00</u>	<u>XXXX</u>	<u>6.00</u>
Total Municipal	12.50	25.00	XXXX	50.00
Grand Total	\$.50	\$ 1.00	\$ 1.50	\$ 2.00

**Maximum Excess Levy Rates
In Cents per \$100 of Assessed Valuation**

Purpose	Class I	Class II	Class III	Class IV
County Excess	7.15	14.30	28.60	28.60
School Excess	22.95	45.90	91.80	91.80
Municipal Excess	6.25	12.50	XXXX	25.00

The property tax rates are applied to the values reflected on the Certificate of Valuation to determine the amount to be raised by the levy of taxes. . Please note that levy rates should always be stated in a 1:2:4 ratio; that is the Class II rate is two (2) times the Class I rate and the Class III and Class IV rate is four (4) times the Class I rate. A brief explanation of the various types of levies available to county commissions follows:

Bond Levy Rate - A municipality may sell its bonds in accordance with the provisions of W. Va. Code § 13-1-1 et seq. for such purposes as acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, library or museum, or a building or structure for educational purposes, or acquiring a recreation park, civic arenas, auditoriums, exhibition halls and theaters, in an amount not to exceed 2.5% of the total taxable assessed value of property. A municipality having three hundred inhabitants or more may issue bonds in an additional sum not exceeding 2.5% of the value of taxable property for the purpose of grading, paving, sewerage, and otherwise improving or reimproving its streets and alleys, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters. A bond levy put before the voters must receive 3/5 of the votes cast in favor of the bond levy. A bond levy may not extend for more than 34 years. The levy rate must be deducted from the rate available for current expense pursuant to W. Va. Code 11-8-6b (reference the annotations of this Code Section). Any municipality interested in bond levies should contact the Municipal Bond Commission and they should seek bond counsel.

Excess Levy Rate – W. Va. Code § 11-8-16 and § 11-8-17 states that a municipality may provide for an election to increase the levy rates for specific purposes; the levy must receive 60% of the votes cast in favor of the excess levy and the levy may not extend for more than 5 years. The entity is encourage to account for these levies in special fund; however, excess levies included in the general fund should be reported under account numbers 301-90, 301-91, 301-92 etc. Excess Levies are discussed in detail under a separate guideline which is available on our website and is also available on disk or the file may be transferred electronically to your email address.

Current Expense Regular Levy Rate – revenue generated from the current year **regular levy** of property taxes that is available for general current expense. A detailed discussion of the regular levy rate follows:

W. Va. Code § 11-8-6d sets the maximum levy rate for the regular current expense and bond levies. As outlined in the chart of page 22 the maximum levy rate for this purpose is Class I – 12.5 ¢; Class II – 25 ¢ and Class IV – 50 ¢ per \$100 of assessed valuation of property.

W. Va. Code § 11-8-6e provides for a reduction in the regular current expense levy rate when the appraisal of property values results in a tax increase. Subsection (a) of this Code Section states in part:

*“ . . . where any annual appraisal, triennial appraisal or general valuation of property would produce an assessment that would cause an increase of one percent or more in the total **projected property tax revenues** that would be realized were the then current regular levy rates by the county commission and the municipalities to be imposed, the rate of levy shall be reduced proportionately as between the county commission and the municipalities and for all classes of property for the forthcoming tax year so as to cause such rate of levy to produce no more than one hundred one percent of the previous year’s projected property tax revenues from extending the county commission and municipality levy rates, unless there has been compliance with subsection (c) of this section. . . .”*
(Emphasis provided)

Subsection (b)(3) of this same Code Section allows the entity to increase the 101% by a percentage equal to the percent approved by the **Property Valuation and Training Commission (PVTC)** to be deducted from the entity’s **regular levy** and distributed to the **assessor’s valuation fund**. This percent cannot exceed 2%. The amount generally requested by the county assessor and approved by the PVTC is 2%. Therefore, under this scenario, the rate of levy should produce no more than 103% of the previous year’s **projected property tax revenues**. This subsection states in part:

“Provided, That the one hundred one percent figure shall be increased by the amount the county’s or municipality’s increased levy provided for in subsection (b), section eight [§ 11-1C-8(b)], article one-c of this chapter;”

W. Va. Code § 11-1C-8(b) provides for the additional funding of the county assessors' offices from **regular current expense levies** of the counties, municipalities and boards of education. The county assessor is required to submit a budget to the PVTC each year; the assessor's valuation fund budget. This budget is based on a percentage of the regular levies **projected tax collection** from the county, municipalities and board of education. Each levying body receives a copy of the proposed budget from the Property Tax Division of the Department of Tax and Revenue between December 15 and January 15 of each year. The county, municipality and board of education has until January 15 to present written evidence acceptable to the PVTC that shows that a lesser percentage than that requested by the assessor would be adequate to fund the costs associated with the reappraisal effort. (The examples presented in this Guideline related to the levy rate calculation will assume that a percentage equal to 2% has been approved by the PVTC for the county assessor.)

One final factor must be taken into consideration when calculating a **reduced "rolled back" levy rate**. W. Va. Code § 11-8-6e also states that for purposes of this calculation that:

"An additional appraisal or valuation due to new construction or improvements to existing real property, including beginning recovery of natural resources, and newly acquired personal property shall not be an annual appraisal or general valuation within the meaning of this section, nor shall the assessed value of such improvements be included in calculating the new tax levy for purposes of this section. Special levies shall not be included in the reduced levy calculation set forth in subsection (b) of this section."

Therefore, increases in value that are a result of the assessor appraising and assessing any new property or improvements are not required to be included in the calculation of a reduced rate.

The following pages discuss how the municipal governing body makes a determination as to what portion of the certified value is attributable to new property and improvements for purposes of calculating the property tax levy rate.

Assessed Values for Calculating the Reduced “Rolled Back” Levy Rate

When the assessor and county clerk certify the **Certificate of Valuations** on or before March 3, they will also certify the valuation excluding the value due to new property and improvements. This certification is referred to as the **Assessed Valuations for Calculating the Reduced “Rolled Back” Levy Rate**. The only difference in the Certificate of Valuations and the Assessed Valuations for Calculating the Reduced “Rolled Back” Levy Rate is the value of new property and improvements. When a comparison is made of the valuation on the Assessed Valuation for Calculating the Reduced “Rolled Back” Levy Rate form with the Certificate of Valuation, the value on the **“Roll Back” form** should never be higher than the Certificate of Valuation. There may be cases in personal property and public utility property where the value may be the same; however, the value will never be higher than the value on the Certificate of Valuation. If it is, the assessor should be contacted immediately.

In addition to excluding new property and improvement values from the **“Roll Back” certification**, the assessor also excludes any value that is attributable to tax increment financing or what is commonly referred to as **incremental value**. The taxes levied on incremental value are distributed directly to the municipality’s tax increment financing fund to pay bonds and/or the cost associated with tax increment financing projects. These funds are not available for current expense. To learn more about tax increment financing, please contact the West Virginia Development Office.

Like the Certificate of Valuation the Assessed Value for Calculating the Reduced “Rolled Back” Levy Rates is certified to the municipality and signed by both the assessor and county clerk. The amounts reported in the various columns include:

A. Assessed Valuation for Tax Purposes w/o Homestead and Exempt Value: The amounts reported in this column should mirror those reported on the Certificate of Valuation – Column E.

B. New Property and Back Tax Property: The amount reported in this column represents the valuation of any new property and new improvements appraised and assessed by the assessor in the last year. The amount also reflects back tax property values. Back tax property values include the value of property that has been omitted from the land books for several years, therefore; these amounts have been removed from the current year assessed valuation.

C. Incremental Value: The difference in the value certified by the county assessor in the base year in which a development area was established and the current assessed value. This value should not be used in the formulas used to calculate the **reduced “rolled back” rate** for regular current expense levies.

A sample Assessed Value for Calculating the Reduced “Rolled Back” Levy Rate has been included on page 29. Note that the value on the **“Roll Back” form** is either the same or less than the Certificate of Valuation.

CERTIFICATE OF VALUATION

To: TOWN OF MAGNOLIA

The undersigned Assessor and County Clerk of said County do hereby certify the assessed value of the various classes of real estate, personal property and public utility property for the assessment year 2007.

	<u>Column A</u> Total Assessed Value Includes Back Tax New Property & Incremental Value	<u>Column B</u> All Other Exempt Value	<u>Column C</u> Gross Assessed (Col A Plus Col B)	<u>Column D</u> Homestead Exempt Value	<u>Column E</u> Assessed Value Tax Purposes
Class 1					
Personal Property	30,529,122		30,529,122		30,529,122
Public Utility	<u>3,550,700</u>		<u>3,550,700</u>		<u>3,550,700</u>
Total Class 1	34,079,822		34,079,822		34,079,822
Class 2					
Real Estate	261,372,548	1,259,180	262,631,728	24,507,339	236,865,209
Personal Property	<u>5,447,835</u>		<u>5,447,835</u>		<u>5,447,835</u>
Total Class 2	266,820,383	1,259,180	268,079,563	24,507,339	242,313,044
Class 3					
Real Estate					
Personal Property					
Public Utility					
Total Class 3					
Class 4					
Real Estate	105,524,569	8,643,649	114,168,218		105,524,569
Personal Property	210,681,193	734,558	211,415,751		210,681,193
Public Utility	<u>113,839,400</u>		<u>113,839,400</u>		<u>113,839,400</u>
Total Class 4	430,045,162	9,378,207	439,423,369		430,045,162
Total For					
Levying Body	730,945,367	10,637,387	741,582,754	24,507,339	706,438,028

Given under our hands this 3rd day of March, 2008.

Heaven L. Holley
County Clerk

Patrick D. Mason
Assessor

The above certificate must be in the hands of the levying body no later than March 3. (W. Va. Code § 11-3-6) The Assessor is required to certify the valuation of real estate and personal property and the County Clerk is required to certify the value of public utility as assessed by the Board of Public Works. To avoid confusion this joint certificate is used.

ASSESSED VALUES FOR CALCULATING REDUCED (ROLLED BACK) LEVY RATES

To: TOWN OF MAGNOLIA

The undersigned Assessor and County Clerk of said County do hereby certify the assessed value of the various classes of real estate, personal property and public utility property for CALCULATION OF THE REDUCED (ROLLED BACK) LEVY RATE for the assessment year 2007.

	<u>Column A</u> Assessed Valuation Includes Back Tax New Property & Incremental Value	<u>Column B</u> New Property Back Tax Property	<u>Column C</u> Incremental Value	<u>Column D</u> Assessed Value Tax Purposes
Class 1				
Personal Property	30,529,122			30,529,122
Public Utility	<u>3,550,700</u>			<u>3,550,700</u>
Total Class 1	34,079,822			34,079,822
Class 2				
Real Estate	236,865,209	9,300,780	64,705,993	162,858,436
Personal Property	<u>5,447,835</u>	<u> </u>	<u>747,538</u>	<u>4,700,297</u>
Total Class 2	242,313,044	9,300,780	65,453,531	167,558,733
Class 3				
Real Estate				
Personal Property				
Public Utility				
Total Class 3				
Class 4				
Real Estate	105,524,569	8,643,649	22,500,750	74,380,170
Personal Property	210,681,193	2,260,335	58,888,374	152,532,484
Public Utility	<u>113,839,400</u>	<u> </u>	<u> </u>	<u>113,839,400</u>
Total Class 4	430,045,162	10,903,984	78,389,124	340,752,054
Total For				
Levying Body	706,438,028	20,204,764	143,842,655	542,390,609

Given under our hands this 3rd day of March, 2008

Heaven L. Holley
County Clerk

Patrick D. Mason
Assessor

The above certificate must be in the hands of the levying body no later than March 3. (W. Va. Code § 11-3-6)
The Assessor is required to certify the valuation of real estate and personal property and the County Clerk is required to certify the value of public utility as assessed by the Board of Public Works. To avoid confusion this joint certificate is used.

Calculating the Reduced “Rolled Back” Levy Rate

Now that you have a thorough understanding of the Certificate of Valuations and the Assessed Values for Calculating the Reduced “Rolled Back” Valuation forms we will move onto the actual calculation of the property tax rate and the preparation of the levy page for budget purposes.

You will recall that W. Va. Code 11-8-6e requires the municipality to reduce or roll back the levy rate if the current rate, if used, would generate 101% or more plus a percent for the county assessor's valuation fund (usually 2%). That is, if the projected tax revenues exceed 103%. *(The examples presented in this Guideline related to the levy rate calculation will assume that a percentage equal to 2% has been approved by the PVTC for the county assessor.)*

We make this determination by calculating a levy rate that will generate exactly 103% of the previous year's projected tax revenue. This calculation is performed using the **“Roll Back” Certification** and works like this:

FIRST: Levy Rates are stated in a 1:2:4 ratio. This means that the class II rate is exactly two times the class I rate and the class III and IV rate is exactly four times the class I rate. In order to maintain this ratio we must First do a weighting on the values reported on the **“Roll Back” Certification – Column D.**

SECOND: Determine the amount of the projected property tax revenues. This amount will be reflected on the **levy page** (page 3) of the current year's **levy estimate – budget**. Be careful to use the projected tax revenue or gross taxes levied. This is the amount of taxes levied before any allowance is made for delinquencies, exonerations, tax discounts or the assessor's valuation fund. Using the net amount to be raised by the levy or the projected tax collection is a common mistake made by levying bodies when making this calculation.

THIRD: Multiply the projected tax revenue by 103% (that is 101% plus a percent approved for the assessor's valuation fund).

FOURTH: Divide this amount by the total weighted assessed value and multiply by 100. This will equal the class I levy rate.

FIFTH: The class II levy rate is calculated by multiplying the class I rate by two and the class III and IV rate is calculated by multiplying the class I rate by four.

Once the levy rate has been determined, the governing body must decide whether they will use the **reduced or “rolled back” levy rate** or if some higher rate is needed.

Before we look at increasing the reduced rate, please review the sample Worksheet for Calculating the Reduced Rate on the next page. This Worksheet presents the required calculations outlined in this section of the guideline. A Worksheet has been included in Appendix A.

WORKSHEET

Calculating the Reduced "Rolled Back" Rate

	Roll Back Certificate (Column D)	X	WEIGHTING	=	WEIGHTED ASSESSED VALUE
Total Class 1	\$ 34,079,822	X	.01	=	\$ 340,798
Total Class 2	167,558,733	X	.02	=	3,351,175
Total Class 3	N/A	X	.04	=	N/A
Total Class 4	<u>340,752,054</u>	X	.04	=	<u>13,630,082</u>
Total All Classes	<u>\$ 542,390,609</u>		(Total WAV)		<u>\$ 17,322,055</u>

Projected Property Tax Revenue from current year
regular current expense levy: (See page 3 of the
current year budget document)

\$ 1,876,555

is multiplied by **(101% + % for assessor's valuation fund)**
generally 103%. Please consider the % approved for
your assessor when determining the total percentage
to be used for this multiplication.

\$ 1,932,852

is divided by the **TOTAL WEIGHTED ASSESSED VALUE**
(Total WAV)

\$ 17,322,055

The result of this division is then multiplied X 100
(use 4 decimal places here)

.1116

and this will = the Class 1 Levy Rate in cents per
\$100 of assessed valuation **(use 2 decimal places here)**

11.16 ¢

The Class 2, 3, and 4 Levy Rates are determined by multiplying the Class 1
Rate as follows:

Class 1 Rate 11.16 ¢ X 2 = Class 2 Rate 22.32 ¢

Class 1 Rate 11.16 ¢ X 4 = Class 4 Rate 44.64 ¢

NOTE: Do Not Use Rates In Excess of 2 Decimal Points

Increasing the Reduced “Rolled Back” Levy Rate Public Hearing Requirements

W. Va. Code 11-8-6e authorizes the levying body to increase the **reduced rate** with a public hearing but the rate may not exceed a 10% increase plus a percent for the **assessor’s valuation fund**, or 112%, in any given year nor may it exceed the statutory maximums set forth under W. Va. Code 11-8-6d. That is Class I – 12.5 ¢; Class II – 25 ¢ and Class IV – 50 ¢. Refer to the levy rate chart on page 22.

If the governing body decides to increase the **reduced rate** they must conduct a public hearing. They should publish a notice of the hearing at least seven (7) days before the hearing/meeting, as a class II-O legal advertisement once (1) a week for two (2) successive weeks in newspapers of general circulation and opposite politics, where available, A notice must also be published outside the section of the newspaper reserved for legal notices and classified advertisements. This notice must be 1/8 page of a standard size newspaper or 1/4 of a tabloid size newspaper and the headline must be no smaller than 24 point. Class IV Towns are not required to publish the notice but they must post the notice in four predominant areas within the corporate limits.

The governing body is required to hold a public hearing regarding the proposed tax increase and a make a decision regarding the levy rate at a public meeting. Both requirements may be accomplished on the same date if the governing body makes a decision on whether or not to increase the levy rate at the public hearing in which they hear comments regarding the tax increase. Most choose to do the latter given the narrow time frame for adopting the budget.

The municipality is required to provide, at a minimum, the information outlined on the Notice of Proposed Tax increase. The Notice sets forth seven (7) items along with the name of the entity and the date, time, and place that the public hearing will be held and a decision will be made:

1. **Percent of Appraisal Assessment Increase:** This percent is determined by subtracting the total assessed value in column E on the certificate of valuation used the previous March from the total reflected in column D on the current year’s “Roll Back” Certification. Divide the difference by the current year’s “Roll Back” Certification and multiply this amount by 100.
2. **Lowered Rate necessary to Offset Increased Assessments:** This is the rate calculated to generate a 103% increase over the previous year’s projected tax revenue. It is the **“reduced rate”**.

3. **Effective Rate Increase:** The **Proposed Rate** is the higher rate that the entity proposes to use instead of a "reduced rate". The higher rate will generate from 103%+ to 112%. The higher rate may never exceed a 112% increase. **Effective Tax Rate Increase** is the numerical difference in the Proposed Rate (higher rate) and the Reduced Rate (lower rate). **Percentage of Increase** is the difference in the higher and lowered rate divided by the lowered rate. This amount is then multiplied by 100.
4. **Revenue Produced Last Year:** This is the projected tax revenue from the levy page of the levy estimate-budget that was prepared in March of the previous year or in other words the current year budget. The projected tax revenue is the "gross" taxes levied before allowances are made for delinquencies, exonerations, tax discounts and the assessor's valuation fund.
5. **Revenue projected under the effective rate increase:** This is the difference in the gross taxes levied using the reduced or lowered levy rate and the proposed or higher levy rate. The taxes should be extended using column E of the Certificate of Valuation.
6. **Revenue projected from new property or improvements:**
To determine this amount you must first subtract the roll back certification by class from the certificate of valuation by class. The difference in the value is the value of new property and improvements. The taxes should be extended on the amount of the difference using the proposed higher levy rates.
7. **General areas in which revenue is to be allocated:** The governing body should indicate what purpose or purposes the additional revenue will be used for.

A sample Worksheet for Calculating the Rate for Proposed Tax Increase and a sample Notice of Proposed Tax Increase appear on the following pages. The samples use the values reflected on the sample Certificate of Valuation and Assessed Values for Calculating the Reduced "Rolled Back" Rates included on pages 28-29 in this Guideline. We used the previous year's projected tax revenue came from the sample Worksheet for Calculating the Reduced Rate on page 32 – this amount originates from the levy page prepared last March or, in other words, the levy page from the current year levy estimate-budget (page 3).

The publication requirements and a Notice of Proposed Tax Increase are included in Appendix A. The Notice that has been set up in excel format and includes many useful formulas for completing the form.

WORKSHEET

Calculating the Rate for Proposed Tax Increase

	Roll Back Certificate (Column D)	X	WEIGHTING	=	WEIGHTED ASSESSED VALUE
Total Class 1	\$ 34,079,822	X	.01	=	\$ 340,798
Total Class 2	167,558,733	X	.02	=	3,351,175
Total Class 3	N/A	X	.04	=	N/A
Total Class 4	<u>340,752,054</u>	X	.04	=	<u>13,630,082</u>

Total All Classes \$ 542,390,609 (Total WAV) \$ 17,322,055

Projected Property Tax Revenue from current year
regular current expense levy: (See page 3 of the
current year budget document) \$ 1,876,555

is multiplied by **(110% + % for assessor's valuation fund)**
max 112%. The amount of increase may be calculated
anywhere between 103% and 112%. The percent used
for the multiplication is driven by the percent approved
for your assessor & the increase desired by the entity: \$ 2,101,742

is divided by the **TOTAL WEIGHTED ASSESSED VALUE** \$ 17,322,055
(Total WAV)

The result of this division is then multiplied $\times 100$.1213
(use 4 decimal places here)

and this will = the Class 1 Levy Rate in cents per 12.13 ¢
\$100 of assessed valuation (use 2 decimal places here)

The Class 2, 3, and 4 Levy Rates are determined by multiplying the Class 1 Rate as follows:

Class 1 Rate 12.13 ¢ X 2 = Class 2 Rate 24.26 ¢

$$\text{Class 1 Rate } 12.13 \text{ ¢} \times 4 = \text{Class 4 Rate } 48.52 \text{ ¢}$$

NOTE: Do Not Use Rates In Excess of 2 Decimal Points

NOTICE OF PROPOSED TAX INCREASE

The Town of Magnolia proposes to increase property tax levies

1. **Appraisal/Assessment Increase:** Total assessed value of property, excluding additional assessments due to new or improved property, exceeds last year's total assessed value of property by 13 %.
2. **Lowered Rate necessary to Offset Increased Assessment:** The tax rate which would levy the same amount of property tax as last year, when multiplied by the new total assessed value of property with the exclusions mentioned above, per \$100 of assessed value on each class of property, would be:

Lowered Tax Rates

Class I	11.16 ¢
Class II	22.32 ¢
Class IV	44.64 ¢

3. **Effective Rate Increase:** The governing body of the Town of Magnolia proposes to adopt a tax rate per \$100 of assessed value on each class of property as follows:

	Proposed Rate	Effective Tax Rate Increase	Percent of Increase
Class I	12.13 ¢	.97	9 %
Class II	24.26 ¢	1.94	9 %
Class IV	48.52 ¢	3.88	9 %

4. Revenue produced last year: \$ 1,876,555
5. Revenue Projected under the effective rate increase: \$217,172
6. Revenue projected from new property or improvements: \$614,604
7. General areas in which the revenue is to be allocated: Public Safety

A public hearing on the increases will be held on Monday, March 17, 2008 at Town Hall - Council Chambers, 100 Main Street, Magnolia, WV. A decision regarding the rate increase will be made following the public hearing.

The following explanation is given for calculating each of the amounts reflected in the Notice of Proposed Tax Increase:

1. Calculating the percentage of increase; for this calculation please use:

Roll Back Certification for FYE 2009 (p. 15)	542,390,609
Subtract Certificate of Valuation for FYE 2007	<u>470,300,000</u>

The difference is divided by the Roll Back Certification for FYE 2009 X 100	72,090,609 13%
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2. The lowered rate is the rate that generates a 103% of the previous year's projected tax revenue; the gross taxes levied. This rate does not require the governing body to conduct a public hearing: Lowered rate calculation, see page 32.

Class I	11.16 ¢
Class II	22.32 ¢
Class III & IV	44.64 ¢

3. Effective Tax Rate Increase is defined by statute as: The difference between the proposed tax rate and the lowered tax rate DIVIDED BY the Lowered Rate: Proposed Rate calculation, see page 35.

	Proposed Rate	Lowered Rate	Numerical Difference	Percent Difference
Class I	12.13 ¢	- 11.16 ¢	= 0.97/11.16	= 9 %
Class II	24.26 ¢	- 22.32 ¢	= 1.94/22.32	= 9 %
Class III & IV	48.52 ¢	- 44.64 ¢	= 3.88/44.64	= 9 %

4. Revenue Produced Last Year is the GROSS TAXES LEVIED from the Levy Page (pg 3) of the 2007-2008 budget: 1,876,555

5. Revenue Projected under the effective tax increase is the taxes levied using the effective tax rate increase applied to Column E of the 2008-2009 Certificate of Valuation (see page 28):

2008-2009 Certificate Of Value	Effective Tax Increase	Revenue Projected
34,079,822	0.97	3,306
242,313,044	1.94	47,009
325,550,001	3.88	126,313
<u>104,495,161</u>	3.88	<u>40,544</u>
706,438,028		217,172

6. **Revenue projected from new property and improvements: The difference in the 2008-2009 Certificate of Valuation (Column E) page 28 and the 2008-2009 Roll Back Certification (Column D) page 29. Extend the taxes on the difference by applying the “higher” proposed tax rate to the numerical difference in value:**

	2008-2009 Certificate of Value Column E	2008-2009 Roll Back Value Column D	Difference in Value is New Property	Higher Proposed Rate	Revenue Projected from New Property
Class I	34,079,822	34,079,822	= 0	x 12.13	= 0
Class II	242,313,044	167,558,733	= 74,754,311	x 24.26	= 181,354
Class III	325,550,001	244,926,319	= 80,623,682	x 48.52	= 391,186
Class IV	<u>104,495,161</u>	<u>95,825,735</u>	= <u>8,669,426</u>	x 48.52	= <u>42,064</u>
Total	706,438,028	542,390,609	= 164,047,419	x	= 614,604

The Levy Page

The levy page sets forth the total taxable assessed valuation from the Certificate of Valuations (Column E), the calculated property tax levy rate for regular current expense, the taxes levied by class and type of property including the total projected tax revenue (gross taxes levied), allowances for delinquent taxes, exonerations, uncollectible taxes, tax discounts, the projected tax collection, the assessor's valuation fund and the net amount to be raised by the levy for budget purposes.

In previous years, the excess levy and the bond levy were included on the same page as the levy for regular current expense. However, beginning with the 2004-2005 fiscal year, these levies were reported separately on a supplemental levy page. It is the recommendation of this office that excess levies be maintained in separate funds and not be included in the general fund for accounting and bookkeeping purposes. Bond levies are maintained in a separate fund and forwarded directly to the Municipal Bond Commission for the payment of principal and interest on the bonds. Generally speaking, several provisions of statute apply only to regular current expense levies; for example, the allowance for the assessor's valuation fund and tax increment financing. For these reasons, each type of levy authorized by the municipality should be reported on separate supplemental levy pages.

The changes in the levy page necessitate updating the Levy Order and Rate Sheet. The prescribed Levy Order will follow the same format as the levy page. That is, when council enters their Order on the third Tuesday in April to officially lay the levy they will enter an Order for each type of levy they have been authorized to levy by a vote of the people and approved by the state auditor. You will no longer be required to use the 4 part Levy Order and Rate Sheet forms. Levy Order and Rate Sheets may be submitted on standard paper. A revised copy of the Levy Page and the Levy Order and Rate Sheet is included in the Appendix A.

A sample levy page appears on pages 43-44 and a sample levy order and rate sheet appears on pages 56-57 of this Guideline. Both forms are outlined as follows:

First Column: Includes the name of the entity and the various types of property by class of property; that is personal property, public utility property and real estate property by class I, class II, class III and class IV.

Second Column: The values reflected in this column should be the values as certified by the assessor and the clerk on the **Certificate of Valuation (Column E)**. This is the value used for tax purposes.

Third Column: The property tax levy rate calculated and adopted by the governing body appears in cents per \$100 of assessed valuation. If council adopts a levy rate that exceeds a 103% increase over the previous year's projected revenue, the recording officer must certify that according to the municipality's formal record, a Notice of Public Hearing was made and a hearing was held on the proposed tax increase. This requirement is accomplished by submitting the "**Certification of Notice and Public Hearing**" form signed by the recording officer with the levy estimate – budget document to the state auditor. A sample of this "**Certification of Notice and Public Hearing**" is included in Appendix A.

Fourth Column: Taxes Levied - The rate of levy in the third column is extended on each type and class of property value reported in the second column to determine the taxes levied.

Total Value & Projected Revenue: The total value is the total value of class I, II, III and IV value reported in column two. The Total **Projected Revenue** is the total taxes levied of class I, II, III and IV taxes reported in column four. This is the "**Gross**" amount of taxes levied before allowances for delinquencies, exonerations, uncollectible taxes, tax increment financing, and the assessor's valuation fund. The Total Projected Revenue is the amount used in the calculation of a levy rate.

Less Delinquencies, Exonerations, & Uncollectible Taxes: This is the allowance made for uncollectible taxes, exonerations and delinquencies. Generally the governing body estimates between 2.5% and 7% of the Projected Tax Revenue (Gross) revenue as an estimate for this allowance. However, it is recommended that the entity discuss the amounts that have been historically uncollected with the sheriff's office in order to make a reasonable estimate. Once these amounts have been determined, dividing the sum of the amounts for uncollectible, exonerations and delinquent taxes by the Projected Tax Revenue and multiplying this amount by 100 will give you the percent to be used for this allowance. Applying the percent to the Projected Tax Revenue or the "Gross" taxes levied should give you an amount equal to the total allowance. The allowance should be subtracted from the Projected Tax Revenue before the allowance for Tax Discounts is calculated.

Less – Tax Discounts: A taxpayer may receive up to a 2.5% discount on their property tax obligation if the first half taxes are paid by September 1 and the second half taxes are paid by March 1. Therefore, an allowance should be made to allow for those taxpayers taking advantage of the tax discount. Generally, a governing body will estimate between 1% and 2%. Again, it is recommended that the entity discuss this allowance with the sheriff's tax office to assist them with making a reasonable estimate. The levy page does not include a line to report the net of Projected Tax Revenue "Gross" minus the allowance for uncollected, exonerated or delinquent taxes. Please remember, when calculating the allowance for Tax Discounts, the percent should be applied to the net of the Projected Tax Revenue "Gross" minus the allowance for uncollectible, exonerations and delinquencies. For example using the sample levy page provided:

Projected Tax Revenue	2,715,769
*Less	
Uncollectable Taxes, Exonerations, Delinquencies:	<u>135,788</u>
Net: That is the Projected Tax Revenue (minus) (-)	
Uncollectable Taxes, Exonerations, Delinquencies:	2,579,981
Less – Tax Discounts: (2,579,981 x 1%)	25,800

The net amount of 2,579,981 is not actually reported on the levy page, however, it should be the amount used to apply the percent for the allowance on tax discounts.

Less Allowance for Tax Increment financing per worksheet: As discussed earlier, tax increment financing applies to regular current expense levies only and applies only in those counties that have taken the steps to establish a tax increment financing development area which has been approved by the West Virginia Development Office. If your municipality has an approved tax increment financing development area, then it will be necessary to determine the amount of taxes levied that will be distributed to the tax increment financing fund to pay the principal and interest on any bonds that have been issued and/or the costs associated with tax increment financing projects. This may be accomplished by extending the taxes using the assessed value reported on the "Roll Back" Certification – column C. This column reflects the incremental value. Taxes will be levied on this value and distributed to the tax increment financing fund. Simply apply the adopted property tax rate for the regular current expense levy to the value reported under column C of the "Roll Back" Certification. A sample worksheet follows the sample levy page on page 45. You will note that the Worksheet for determining the allowance for the tax increment financing fund is set up similar to the levy page. Once the taxes have been extended and the proper allowances

made, transfer the amount reflected on the line titled "Allowance for tax increment financing" to the levy page. It will also be necessary for the municipality to include this Worksheet with the levy estimate – budget document submitted to the state auditor for approval.

Total Projected Property Tax Collection: This is the amount projected to be **collected** on behalf of the municipality after allowances for uncollectible taxes, exonerations, delinquencies, tax discounts and tax increment financing. This is the amount in which the percent approved by the Property Valuation and Training Commission (PVTC) for the county assessor's valuation fund is applied. W. Va. Code 11-1C-8 states that the sheriff shall distribute an approved percent of the **projected property tax collection** to the assessor's valuation fund.

Less Assessor Valuation Fund: This is the amount of the taxes levied that will be distributed directly to the assessor's valuation fund by the county sheriff and will not be available for current expense. The percent approved by the PVTC is applied to the **Projected Property Tax Collection**.

Net Amount to be Raised by Levy of Property Tax for Budget Purposes: This amount should be carried to the Revenue section, page 4 of the budget document, account number 301-01 Property Taxes – Current Year. This amount is net of all allowances for taxes that will not be available for current expense.

The primary difference in the levy page of the budget document and the levy order and rate sheet is that the levy order and rate sheet provides an area at the top of the form for the recording officer to certify the actions taken on the third Tuesday in April by the governing body. For example:

The following is a true copy from the record of orders entered by the entity on the 15th day of April 2008.

Signature: Heaven L. Holley Recorder

**LEVY PAGE – FISCAL YEAR 2008 – 2009
REGULAR CURRENT EXPENSE LEVY**

Entity: Town of Magnolia

Column E Certificate of Valuation Assessed Value for Tax Purposes		Levy Rate/\$100	Taxes Levied
Class I			
Personal Property	\$ 30,529,122	12.13	\$ 37,032
Public Utility	<u>3,550,700</u>		<u>4,307</u>
Total Class I	\$ 34,079,822		\$ 41,339
Class II			
Real Estate	\$ 236,865,209	24.26	\$ 574,635
Personal Property	<u>5,447,835</u>		<u>13,216</u>
Total Class II	\$ 242,313,044		\$ 587,851
Class IV			
Real Estate	\$ 105,524,569	48.52	\$ 512,005
Personal Property	210,681,193		1,022,226
Public Utility	<u>113,839,400</u>		<u>552,348</u>
Total Class IV	\$ 430,045,162		\$ 2,086,579
Total Value & Projected Revenue	<u>\$ 706,438,028</u>	(Gross)	<u>\$ 2,715,769</u>
Less Delinquencies, Exonerations, & Uncollectible Taxes		5%	135,788
Less Tax Discounts		1%	25,800
Less Allowance for Tax Increment Financing-see worksheet (Subtracted from regular current expense taxes levied only)		....	<u>507,056</u>
Total Projected Property Tax Collection		....	<u>2,047,125</u>
Less Assessor Valuation Fund (Subtracted from regular current expense levies only)		2%	40,943
Net Amount to be Raised by Levy of Property Tax For Budget Purposes (Transfer amount to #301-01 on page 4)		....	<u>\$ 2,006,182</u>

**LEVY PAGE – (Continued) Fiscal Year 2008-2009
EXCESS, BOND, OR PERMANENT IMPROVEMENT LEVIES**

Entity: Town of Magnolia

Please indicate type of Levy Authorized (Excess, Bond or Permanent Improvement)

Column E Certificate of Valuation Assessed Value for Tax Purposes	<u>Excess Levy</u> <u>Law Enforcement</u>		<u>Excess Levy</u>	
	Levy Rate/\$100	Taxes Levied	Levy Rate/\$100	Taxes Levied
Class I				
Personal Property	\$ 30,529,122	5.25	\$	16,028
Public Utility	<u>3,550,700</u>			<u>1,864</u>
Total Class I	\$ 34,079,822		\$	17,892
Class II				
Real Estate	\$ 236,865,209	10.50		248,708
Personal Property	<u>5,447,835</u>			<u>5,720</u>
Total Class II	\$ 242,313,044		\$	254,428
Class IV				
Real Estate	\$ 34,469,805	21.00	\$	221,602
Personal Property	51,825,756			442,450
Public Utility	<u>18,199,600</u>			<u>239,063</u>
Total Class IV	\$ 104,495,161		\$	903,095
Total (Gross)	<u>\$ 706,438,028</u>		<u>\$ 1,175,415</u>	

Less Delinquencies, Exonerations, & Uncollectible Taxes	5%	58,771
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Less Tax Discounts	1%	11,166
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Net Amount to be Raised by Levy For Budget Purposes	<u>\$ 1,105,478</u>
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Please Check One: The excess levy is

☐ Not included in general fund
☒ Included in general fund*

***If the Excess Levy is included in the general fund include this total under account # 301-90 on page 4: \$ 1,105,478**

**ALLOWANCE FOR TAX INCREMENT FINANCING
REGULAR CURRENT EXPENSE LEVY
FISCAL YEAR 2008-2009**

Entity: Town of Magnolia

	Column C ROLL BACK VALUE FORM	Levy Rate/\$100	Taxes Levied
Class I			
Personal Property	\$	12.13	\$
Public Utility			
Total Class I	\$		\$
Class II			
Real Estate	\$ 64,705,993	24.26	\$ 156,977
Personal Property	747,538		1,813
Total Class II	\$ 65,453,531		\$ 158,790
Class IV			
Real Estate	\$ 22,500,750	48.52	\$ 109,174
Personal Property	55,888,374		271,170
Public Utility	0		0
Total Class III	\$ 78,389,124		\$ 380,344
Total Value & Projected Revenue	\$ 143,842,655	(Gross)	\$ 539,134
Less Delinquencies, Exonerations, & Uncollectible Taxes	5%		26,957
Less Tax Discounts	1%		5,122
ALLOWANCE FOR TAX INCREMENT FINANCING		....	\$ 507,056
(Transfer this amount to Levy Page 3)			

Expenditures

Note that the amounts reported in the Budget document that is submitted to the state auditor for review and approval only reflects the total for each department. This means that once the Budget Proposal for each elected official and department has been reviewed and approved by the governing body, it is only necessary to pick up the total of all objects of expenditure for each department (account) to prepare the Budget submitted to the state auditor. Municipal expenditures are broken down into five broad categories beginning on page 7 of the Budget:

General Government expenditures include the elected officials' general operating accounts, city hall, other buildings, community, economic and industrial development, building inspection, planning and zoning and grants. (Pages 7 & 8/Accounts 401-699) **Contingencies, Account #699** is not an expenditure account; used to report an appropriation for unexpected or unknown expenditures. Money must be transferred to a department prior to expenditure. The amount appropriated for contingencies should not exceed 3% of the total budget.

Public Safety includes the police and fire protection expenditures. (Page 9 of the Budget/Accounts 700-749)

Streets & Transportation includes the street department and central garage. (Pages 10 of the Budget/Accounts 750-799)

Health and Sanitation includes the health and garbage department. (Page 11 of the Budget /Accounts 800-899)

Culture & Recreation includes parks, swimming pools, fairs, visitor's bureau, and libraries. (Page 12 of the Budget/Accounts 900-949)

Social Services includes senior citizens, public transit, and cemeteries. (Page 13 of the Budget/Accounts 950-974)

Capital Project accounts are to be used for reporting amounts budgeted for purchase of assets that are to be capitalized and depreciated over time. These items are generally large ticket items such as automobiles. The governing body is charged with establishing a capitalization criteria for the various assets purchased. Capital Projects includes an assignment of an account number for each of the broad categories; general government account #975, public safety account #976, streets & transportation account #977, health & sanitation account #978, culture & recreation account # 979, and social services account #980. (Page 14 of the Budget/Accounts 975-999)

The Budget:

Expenditures for the general fund and the coal severance fund are reported for each account on the same page. Please keep in mind that revenues and expenditures for the general fund should balance as well as revenues and expenditure for the coal severance fund.

Several revenue and expenditure accounts are either statutorily or administratively restrictive. An example of one type of analysis follows:

- **Fee Accounts:** Any fee collected to provide a municipal service must be budgeted to the appropriate expenditure account. For example the following expenditure accounts must be at least equal to or greater than their fee accounts:

Expenditure	Fee Account
Account # 700 Police Department	Account #351 Police Fee
Account # 706 Fire Department	Account #352 Fire Fee
Account # 750 Street Department	Account # 355 Street Fee

The expense associated with the administrative cost of billing and collection of municipal service fees is generally charged to Account #440, City Hall. For this reason, not more than 15% of the total fees collected may be used for administrative costs unless the entity can demonstrate that administrative costs exceed this allowance. Therefore, the expense account for any municipal service that is funded by a service fee should never be budgeted at less than 85% of the total fees collected. (100% - 15% Administrative Costs = 85%) W. Va. Code § 8-13-13

- **Hotel Occupancy Tax:** At least 50% of the revenue generated from this tax must be appropriated to Account # 901 Visitor's Bureau or #902 Travel Council. The remaining 50% is generally appropriated to accounts associated with the culture and recreation category. Please refer to W. Va. Code § 7-18-14 for specific authorized expenditures.
- **Contingencies:** **Account #699** is not an expenditure account. This account is used to report an appropriation for unexpected or unknown expenditures. Money must be transferred to a department prior to expenditure. The amount appropriated for contingencies should not exceed 3% of the total budget.

Again, please review the Uniform Chart of Accounts for a complete description of revenue and expenditure accounts which may be either statutorily or administratively restricted.

Objects of Expenditure

An object of expenditures are a descriptive line items of expenditure which supports the appropriation for each department line item reported in the levy estimate budget and on the municipality's books. Objects are broken down into five broad categories:

Personal Services: Includes but is not limited to the expense associated with salary and wages of elected officials and employees, FICA tax, group insurance, retirement expense, overtime, extra help and other fringe benefits.

Contractual Services: Includes but is not limited to the expense associated with telephone service, printing, utilities, travel, maintenance and repair of building and grounds, equipment, and automobiles, postage, building and equipment rents, advertising and legal publications, training and education, dues and subscriptions, professional services, audit costs, insurance and bonds and contractual services.

Commodities: Includes but is not limited to the expenses associated with materials and supplies, record books, automobile supplies, feeding prisoners, uniforms, charges by other funds, and charges from other entities.

Capital Outlay: Includes but is not limited to the costs associated with the acquisition of equipment, land, buildings, and other improvements.

Contributions/Transfers: Is broken down by contributions and/or transfers to other funds, other governmental entities and other contributions/transfers.

The **Budget Proposal for Elected Officials and Department Heads** includes the objects of expenditure that are typically used. The Uniform Chart of Accounts includes a complete listing of the various objects under the above referenced categories along with an assigned object number for each type of expenditure.

Budget Proposals of Department Heads

The **Budget Proposal** is a detailed request for appropriation based on a prescribed list of **objects of expenditure** that are classified under four broad categories; personal services, contractual services, commodities and capital outlay. These categories make up the operating budget of the elected official or department. Objects of expenditure were discussed in detail earlier in this Guideline.

In addition to the historical data provided on the Budget Proposal, the form also includes an area for the elected official or department head to formally provide council with the required “**detailed request for appropriation**” There is also a column for council to indicate the amounts approved for each object of expenditure. The Budget Proposal should include the signature of the department head bringing the proposal before council along with the approval signatures of council. Please keep in mind that the information provided on the Budget Proposal is a minimum requirement and should not limit the department head's ability to provide additional information that supports the requested level of appropriation.

A Sample Budget Proposal is included in this Guideline. Please refer to Appendix A – Samples.

A copy of the department head's budget proposal as approved and adopted by council should be provided to each department head upon adoption of the levy estimate – budget. The adopted budget proposal should be provided to the official at the same time the budget is submitted to the state auditor for approval; that is **prior to March 29**.

Supplementary Information And Budget Covers

The Budget document also includes a section on supplementary information that council is required to report (pages 15-18 of the Budget).

Page 15 reflects a recapitulation of account totals by category; that is, the total of all accounts for each category of , General Services, Public Safety, Streets & Transportation, Health & Sanitation, Culture & Recreation and Capital Projects.

Page 16 asks for a Bonded Debt Statement and the Balances as of December 31 for the General and Coal Severance Funds along with any other Funds that may be in existence.

The governing body is statutorily required to fund certain items in the budget at a required level of funding that cannot be readily ascertained by a review of the departmental accounts. Therefore, please report the amounts included in the budget on **Page 17**:

- Elected Official's Salary Schedule: *(An Official's salary may not be increased or reduced during their term of office)*
- Regional Council Dues: *(W. Va. Code §8-25-12, Dues set by the Regional Development Council)*
- Audit Costs
- Policemen's Pension Fund
- Firemen's Pension Fund

Gas and Oil Severance Tax: The State Auditor is required to submit a consolidated budget report to the Legislature on or before December 15 of each year. This report provides the projected revenues and expenditures for the general fund, coal severance tax fund and gas and oil severance tax. The gas and oil severance tax is included in the general fund; therefore we cannot readily ascertain the proposed expenditures from this revenue source. For this reason, we ask that you **complete the supplementary information on page 18 which outlines the projected gas and oil severance tax revenue reported in account # 303 on page 4 of the Budget document AND the proposed expenditure of gas and oil severance tax revenues by category only. Please keep in mind that the projected gas and oil severance tax revenue and expenditures should balance.**

The **back cover** of the Budget document is a Roster of elected officials. This Roster includes the name of the municipality, mailing address, when the council meets, city hall hours, phone numbers, fax numbers and e-mail addresses. In addition to this information, we ask that you also provided the signature(s) of those persons authorized to sign budget revisions AND the person(s) to contact regarding the Budget, their position and phone and fax numbers and email address.

If the municipality is taking advantage of using the Budget document shell that has been created in excel format, please remember to continue to use the front and back covers from the hard copy Budget document that is mailed with the packet.

The meeting at which council adopted the levy estimate-budget will stand adjourned until the third Tuesday in April when they will reconvene to hear and consider objections. **(See section on Levy Order and Rate Sheet)**

Certification and Publication of the Levy Estimate-Budget

W. Va. Code § 11-8-14 states in part:

“The recording officer of the municipality shall forward immediately a certified copy of the statement to the tax commissioner [state auditor], and shall publish the statement forthwith. . . .”

The recorder should certify that the Budget is a true copy from the record of Orders made and entered by council. This certification attests that the Budget is a true and actual copy of the actions taken by council in the adoption of the Budget. The certification does not attest that the budget is accurate or in compliance with statute. The certification statement appears on page one (1) of the Budget document.

The above referenced Code Section also states that the recorder shall “publish the statement forthwith”. “Forthwith” is defined to mean “as soon as practicable”. Therefore, once council adopts the Budget, the clerk should certify the Budget and forward the Budget to the State Auditor (prior to March 29), and cause the Budget to be published immediately. The intent of the statute is to allow the public an opportunity to review the actions taken by council so that they may voice any objections they may have at the meeting on the third Tuesday in April when council reconvenes to hear and consider objections to the levy estimate-budget.

The Budget should be published as a Class II-O legal advertisement which means it should be published once a week for two (2) consecutive weeks in two (2) newspapers of general circulation and of opposite politics published in the area. If the area has just one such newspaper, then publish in only that one. The Budget must be published for two (2) consecutive weeks; therefore; if council does not adopt the Budget until March 28 there is a very tight time frame in which to publish the budget; that is between March 28 and the third Tuesday in April.

A sample Publication for the Newspaper appears in Appendix A. It is recommended, in order to cut down on publication costs that all line items not presented in the Budget should be struck from the Publication. Any items used but not included on the sample should be added. In addition to revenues and expenditures, **this publication should also include a copy of the Levy Page for Regular Current Expense Levies (page 3), any Levy Page Supplements for Excess, Bond or Permanent Improvement Levies (page 3A), and the clerks certification statement (page 1)**

Levy Order and Rate Sheet

As discussed earlier, the prescribed Levy Order will follow the same format as the levy page. That is, when council enters their Order on the third Tuesday in April to officially lay the levy they will enter an Order for each type of levy they have been authorized to levy by a vote of the people and approved in writing by the state auditor. Also, you will no longer be required to use the 4 part Levy Order and Rate Sheet forms. The changes in the levy page necessitate updating the Levy Order and Rate Sheet. **IN THE FUTURE, IT WILL ONLY BE NECESSARY TO SUBMIT THE ORIGINAL COPY OF THE LEVY ORDER AND RATE SHEET ON STANDARD PAPER.**

W. Va. Code §11-8-14a. Adjourned session of municipal governing body to hear objections; approval of estimate and levy by tax commissioner; [state auditor] first levy for bonded indebtedness and indebtedness not bonded, then for then for current expenses.

“The governing body of a municipality when it reconvenes on the third Tuesday in April shall proceed in a manner similar in all respects to that provided for in section ten-a [§ 11-8-10a] of this article.”

And, W. Va. Code § 11-8-10a states in part:

“The county court shall, when it reconvenes upon the third Tuesday in April, hear and consider any objections made orally or in writing by the prosecuting attorney, by the tax commissioner [state auditor] or his representative, or by any taxpayer of the county, to the estimate and proposed levy or to any item thereof. The court shall enter of record any objections so made and the reasons and grounds therefore.

The failure of any officer or taxpayer to offer objections shall not preclude him from pursuing any legal remedy necessary to correct any levy made by any fiscal body under this article.

The court, after hearing objections, shall reconsider the proposed original estimate and proposed rates of levy, and if the objections are well taken, shall correct the estimate and levy. No such estimate and levy, however, shall be entered until the same shall have first been approved, in writing, by the tax commissioner {state auditor}. When the same shall have been approved by the

tax commissioner [state auditor], the clerk shall then enter the estimate and levy, together with the order of the court approving them and the written approval of the tax commissioner [state auditor] thereof, in the proper record book. . . . “

W. Va. Code § 11-8-10a further states that:

“The governing body shall not finally enter any levy until it has been approved in writing by the state tax commissioner [state auditor]. After receiving such approval, the governing body shall enter the statement as approved in its record of proceedings, together with the written approval.

The governing body shall levy as many cents per hundred dollars’ assessed valuation on each class of property in the municipality as will produce the amounts, according to the last assessment, shown to be necessary by the statement in the following order:

First, for the bonded debt and for the contractual debt not bonded, if any, of the municipality incurred prior to the adoption of the Tax Limitation Amendment [W. Va. Const., art. X § 1];

Second, for general current expenses.

The rates of levy for each purpose shall not exceed the amounts fixed by section six-d [§ 11-8-6d] unless another rate is authorized by the tax commissioner [state auditor] in accordance with this article. When less than the maximum levies are imposed, the levies on each class of property shall be in the same proportions as the maximums authorized “

As indicated in the above referenced statute, the primary purpose of this meeting is to hear and consider objections to the levy estimate-budget and enter the levy along with the written approval of the state auditor in the official record books. This is commonly referred to as officially **laying the levy**. Pursuant to W. Va. Code § 11-8-11, the recorder must complete the levy order and rate sheet and forward it to the state auditor within three (3) days.

The only difference in the levy page of the budget document and the levy order and rate sheet is that the levy order and rate sheet provides an area at the top of the form for the recorder to certify the actions taken on the third Tuesday in April by council. For example:

The following is a true copy from the record of orders entered by the entity on the 15th day of April 2008.

Signature: Heaven L. Helley Recorder

A sample Levy Order and Rate Sheet appear on pages 56-57.

LEVY ORDER AND RATE SHEET - FISCAL YEAR 2008-2009
REGULAR CURRENT EXPENSE LEVY
Entity: Town of Magnolia

The following is a true copy from the record of orders entered by this entity on the 15th day of April 2008.

Signature: Heaven L. Holley
Recorder

Column E Certificate of Valuation Assessed Value for Tax Purposes		Levy Rates /\$100	Taxes Levied
Class I			
Personal Property	\$ 30,529,122	12.13	\$ 37,032
Public Utility	<u>3,550,700</u>		<u>4,307</u>
Total Class I	\$ 34,079,822		\$ 41,339
Class II			
Real Estate	\$ 236,865,209	24.26	\$ 574,635
Personal Property	<u>5,447,835</u>		<u>13,216</u>
Total Class II	\$ 242,313,044		\$ 587,851
Class III			
Real Estate	\$ 71,054,764	48.52	\$ 344,758
Personal Property	158,855,437		770,767
Public Utility	<u>95,639,800</u>		<u>464,044</u>
Total Class III	\$ 325,550,001		\$ 1,579,569
Class IV			
Real Estate	\$ 34,469,805	48.52	\$ 167,247
Personal Property	51,825,756		251,459
Public Utility	<u>18,199,600</u>		<u>88,304</u>
Total Class IV	\$ 104,495,161		\$ 507,010
Total Value & Projected Revenue	<u>\$ 706,438,028</u>	(Gross)	<u>\$ 2,715,769</u>
Less Delinquencies, Exonerations, & Uncollectible Taxes		5%	135,788
Less Tax Discounts		1%	25,800
Less Allowance for Tax Increment Financing-see worksheet (Subtracted from regular current expense taxes levied only)		....	<u>507,056</u>
Total Projected Property Tax Collection		....	<u>2,047,125</u>
Less Assessor Valuation Fund (Subtracted from regular current expense levies only)		2%	40,943
Net Amount to be Raised by Levy of Property Tax For Budget Purposes (Transfer amount to #301-01 on page 4)		....	<u>\$ 2,006,182</u>

**LEVY ORDER AND RATE SHEET – (Continued) FISCAL YEAR 2008-2009
EXCESS, BOND, OR PERMANENT IMPROVEMENT LEVIES**

Entity: Town of Magnolia

The following is a true copy from the record of orders entered by this entity on the 15th day of April 2008.

Signature: Heaven L. Holley

Recorder

Please indicate type of Levy Authorized (Excess, Bond or Permanent Improvement)

Column E		<u>Excess Levy</u>		<u>Excess Levy</u>	
Certificate of Valuation		<u>Law Enforcement</u>			
Assessed Value for Tax Purposes		Levy	Taxes	Levy	Taxes
		Rate/\$100	Levied	Rate/\$100	Levied
Class I					
Personal Property	\$ 30,529,122	5.25	\$ 16,028		
Public Utility	<u>3,550,700</u>		<u>1,864</u>		
Total Class I	\$ 34,079,822		\$ 17,892		
Class II					
Real Estate	\$ 236,865,209	10.50	248,708		
Personal Property	<u>5,447,835</u>		<u>5,720</u>		
Total Class II	\$ 242,313,044		\$ 254,428		
Class III					
Real Estate	\$ 71,054,764	21.00	\$ 149,215		
Personal Property	158,855,437		333,596		
Public Utility	<u>95,639,800</u>		<u>200,844</u>		
Total Class III	\$ 325,550,001		\$ 683,655		
Class IV					
Real Estate	\$ 34,469,805	21.00	\$ 72,387		
Personal Property	51,825,756		108,834		
Public Utility	<u>18,199,600</u>		<u>38,219</u>		
Total Class IV	\$ 104,495,161		\$ 219,440		
Total (Gross)	<u>\$ 706,438,028</u>		<u>\$ 1,175,415</u>		
*Less 112, 113, 239 (box lower left pg. 1)		5%	58,771		
Less 107 – Tax Discounts		1%	11,166		
Net Amount to be Raised by Levy For Budget Purposes		....	<u>\$ 1,105,478</u>		

Other Statutory Provisions

There are a few other Code sites that should be included in this guideline which are directly or indirectly related to the budget process

W. Va. Code:

§11-3-19. Property books; time for completing; extension of levies; copies.

“ . . . The assessor shall, as soon as practicable after the levy is laid, extend the levies on the land and personal property books, and shall forthwith make three copies of the landbooks and two copies of the personal property books with the levies extended; one of such copies of the landbooks he shall deliver to the sheriff not later than the seventh day of June, one copy he shall deliver to the clerk of the county court not later than the first day of July, and one copy he shall send to the state auditor not later than the first day of July, and one of such copies of the personal property books he shall deliver to the sheriff and one to the clerk of the county court on or before the same date fixed above for the delivery of the landbooks and such copies so delivered shall be official records of the respective officers.” . . .

§11-8-18. Tax commissioner to furnish forms of statements and attorney general to furnish forms for elections.

“The tax commissioner shall prepare and furnish forms and instructions for making the statement required in sections ten, twelve, and fourteen of this article. The attorney general shall prepare and furnish forms and instructions for the holding of any election authorized by this article.”

§11-8-25. Funds expended only for purposes for which raised.

“Except as otherwise provided in this article, boards, or officers expending funds derived from the levying of taxes shall expend the funds only for the purposes for which they were raised.”

§11-8-26. Unlawful expenditures by local fiscal body.

“Except as provided in sections fourteen-b, twenty-five-a and twenty-six-a of this article, a local fiscal body shall not expend money or incur obligations:

- (1) In an unauthorized manner;*
- (2) For an unauthorized purpose;*
- (3) In excess of the amount allocated to the fund in the levy order;*
- (4) In excess of the funds available for current expenses.*

Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials shall not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent, provided such casual deficit be satisfied in the levy estimate for the succeeding fiscal year.”

§11-8-26a. Revision of levy estimate.

“The tax commissioner [state auditor] shall, by uniform regulations, provide for the revision of the levy estimate of a county court [county commission] or municipality to permit expenditures for purposes for which no appropriation or an insufficient appropriation was made in the annual levy estimate as approved by the tax commissioner [state auditor]. The revision shall be made only with the prior written approval of the tax commissioner [state auditor].”

§11-8-27. When Indebtedness, contracts or drafts are void.

“Any indebtedness created, contract made, or order or draft issued in violation of sections twenty-five and/or twenty-six of this article shall be void.”

§11-8-28. Suit to recover unlawful expenditure or to cancel obligation.

“Whenever a fiscal body expends money or incurs obligations in violation of sections twenty-five and/or twenty-six of this article, suit shall be instituted by the prosecuting attorney of the county or the attorney general of the state, in a court of competent jurisdiction to recover the money expended or to cancel the obligation, or both.”

§11-8-29. Personal liability of official participating in unlawful expenditure.

“A person who in his official capacity negligently participates in the violation of either section twenty-five or section twenty-six of this article shall be personally liable, jointly and severally, for the amount illegally expended.”

11-8-30. Recovery of unlawful expenditure from participating official by action; costs.

“A person who in his official capacity negligently participates in an illegal expenditure may be proceeded against for the recovery of the amount illegally expended. The political subdivision concerned, a taxpayer of the subdivision, the state tax commissioner [state auditor] or a persons prejudiced may bring the proceeding.

All moneys recovered in these proceedings shall be paid into the treasury of the proper fiscal body and credited to the proper fund. Recovery in these proceedings shall, in all cases, include the principal and interest on the principal at a reasonable rate of interest as set by the court in the judgment order and may include in the discretion of the court, a penalty of not more than twenty-five percent of the aggregate amount of the judgment and interest.

If the plaintiff prevail, he shall recover against the defendant, the costs of the proceedings, including a reasonable attorney’s fee to be fixed by the trial court and included in the taxation of costs.”

**§11-8-31. Criminal liability of official violating provisions of article;
proceeding for removal.**

“A person who in his official capacity willfully violates the provisions of this article shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than five hundred dollars, or confined in jail not more than one year, or both. Upon conviction he shall also forfeit his office: Provided, That no liability shall arise under the provisions of this section so far as obligations may have been incurred or may be incurred prior to the time tax levies may be made under the provisions of this article by fiscal bodies having for their purpose the maintenance and operation of free schools or other governmental functions for the fiscal year one-thousand nine hundred thirty-three-one thousand nine hundred thirty-four.

Proceedings for the removal of a member of a local fiscal body who has willfully or with gross negligence violated any of the provisions of this article shall be brought and maintained in accordance with and shall be subject to the provisions of section seven, article six, chapter six of the code.

An attested copy of the petition and the charges contained therein shall be served upon the defendants at least twenty days prior to the date of hearing. No other pleading or notice of the proceedings shall be necessary.

If any person in his or her official capacity participates in an illegal expenditure and in so doing acts in accordance with and upon the advice of his or her statutory attorney or duly appointed attorney, which advice was asked for, received and given in good faith, such person so acting shall not be deemed guilty of gross negligence or of willfully violating any of the provisions of this article but may be found to have so acted in a negligent manner and may be proceeded against for the recovery of the amount illegally or improperly expended, both personally or upon his or her official bond.”

§11-8-31a. Recovery of attorneys' fees authorized.

"The governing body of the governmental entity of which a person is an official is hereby authorized to reimburse such person for the reasonable amount of such person's attorney fees in any case:

(a) Wherein such person has successfully defended against an action seeking his or her removal from office, or

(b) Wherein such person has successfully defended against any action seeking the recovery of moneys alleged to have been wrongfully expended.

In either case such governing body shall have authority to determine if such reimbursement is warranted and the reasonableness of the amount sought to be recovered."

§11-8-32. Publication.

"The requirement of publication under this article shall be met by publication as a Class II-O legal advertisement in compliance with the provision of article three [§ 59-3-1 et. seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the taxing unit."

§11A-1-6. When collection to commence.

"The sheriff shall commence collection of current taxes on the fifteenth day of July, or as soon thereafter as he receives copies of the land and personal property books."

§11A-1-8. Notice of time and place for payment; mailing of tax tickets.

". . . the sheriff shall send to every person owing real or personal property taxes a copy of such taxpayers annual tax ticket or tickets showing what tax is due and how such tax may be paid. Such copy shall be sent to the last known address of such taxpayer by first class United States mail.

Failure of the sheriff to send or failure of the taxpayer to receive such copy shall not impair the right to collect such taxes, the right to collect any interest or penalty imposed as a result of the failure to pay such taxes or the method of enforcing the payment of such taxes, interest or penalty.”

§11A-1-15. Payment by sheriff to municipal and county board of education treasuries.

“Each month the sheriff shall pay all moneys collected for any municipal corporation and the county board of education into the respective treasuries of such municipal corporation and county board of education, payment to be made on or before the tenth day of each month of all moneys collected during the preceding month for such municipal corporation and the county board of education .
..”

Budget Control Reports

Each county and municipal government is required to maintain a budget control report. The report should include the fund type, an account description, account number and category, the amount budgeted July 1, any approved revisions to the budgeted amount, the amount received or expended to date and the balance for the period ending.

Appendix A includes a sample of the format to be used for preparing the budget control report. The entity may copy and use this form, may choose to print or have printed their own forms or use computer generated control reports. The entity may use their own form or a computer program to prepare the budget control report, as long as the report contains at least the information provided in the sample by revenues source and object of expenditure for each expenditure account.

The levy estimate – budget should be monitored by the governing body through their clerk, recorder or finance officer using the budget control report. Council and/or other elected officials and department heads should be notified when an object of expenditure is in danger of being over expended so that the proper adjustments may be made to the account through the budget revision process outlined earlier in this Guideline.

Please note, effective immediately, it is no longer necessary to submit the budget control report to the state auditor's office; however, this does not eliminate the requirement for maintaining this type of information for bookkeeping and accounting purposes and for monitoring or tracking the levy estimate – budget.

Revising the Budget

§11-8-26a. Revision of levy estimate.

“The tax commissioner [state auditor] shall, by uniform regulations, provide for the revision of the levy estimate of a county court [county commission] or municipality to permit expenditures for purposes for which no appropriation or an insufficient appropriation was made in the annual levy estimate as approved by the tax commissioner [state auditor]. The revision shall be made only with the prior written approval of the tax commissioner [state auditor].”

The state auditor, by uniform regulations, provides for the revision of the levy estimate - budget of the municipality to permit expenditures for purposes for which no appropriation or an insufficient appropriation was made. **The revision must be made prior to the obligation and expenditure of funds and with the prior written approval of the state auditor.**

The clerk, finance officer, or recorder, through the bookkeeping and accounting records, should alert council and department heads when an object of expenditure is in danger of being over expended. This may be accomplished by providing the official with a copy of the **Budget Control Report**. Budget Control Reports will be discussed in detail in the following section of this Guideline.

The following pages should facilitate the preparation of budget revisions. While many questions may be answered with a careful review of the material, it is difficult to anticipate all questions that may arise. Please feel free to contact this office at any time if we may be of further assistance. **Budget Revision forms and a Sample Budget Revision have been included in Appendix A.**

Budget Revision Guideline

1. The governing body (council) is charged with the fiscal authority for the municipal corporation, which includes the responsibility of preparing and revising the levy estimate (budget).
2. **Elected officials and department heads** may not transfer funds from one item of their budget to another item without approval of the council. They may not solicit approval directly from the state auditor to revise their budget.
3. All expenditures of a department are to be **budgeted, properly classified and charged to that department**. For example, funding should be included in each elected official's budget for, but not limited to (salaries, including benefits and overtime), travel, training, materials and supplies and record books. **W.Va. Code §6-9-3**
4. Council should ensure that an adequate budgetary appropriation exists in an object of expenditure under a department, **prior to the obligation or expenditure of funds**.
5. Budget revisions require a record of **formal action** taken by council and therefore, must be placed on the agenda and acted upon during a regular or special session of the council.
6. The budget revision request should be typed. Budget revisions must be submitted on **Form BR 1180**. The White and Yellow copies are forwarded to the Local Government Services Division for approval. The pink copy should be retained by the entity for their record OR you may use the standard white paper if you are using the budget revision form that has been set up in excel format (Appendix A)

A. **CONTROL NUMBER:**

FY is the fiscal year for which the request to revise the budget applies;

FUND is 01 General or 02 Coal Severance;

REV. NO. is the number of cumulative budget revisions related to each fund;

PG OF NO. means this page of the budget revision is "Page 1 OF the total number of pages" For example: Page 1 of 3, Page 2 of 3, and Page 3 of 3.

- B. This area is reserved for the **name and address** of the municipality.
- C. Please include the name, telephone number, and fax number of the **person to contact** if any questions arise regarding the budget revision.
- D. **RECEIPTS:** The top half of the budget revision form should be used by the council to report any REVENUE accounts to be adjusted.
- 1- **Account Number** is the 3-digit number of the revenue account and any sub account number; for example Current Year Property Tax would be 301-01
 - 2- **Account Description** should reflect the name of the account; for example: The Account Description for 301-01 would be Property Tax-Current Year and for 299 the Account Description would be Fund Balance.
 - 3- **Approved Amount** is the amount originally approved by the state auditor's office plus any budget revisions approved by the state auditor's office prior to the budget revision currently under consideration.
 - 4- **Debit (Increase)** should reflect the amount to be added to the account.
 - 5- **Credit (Decrease)** should reflect the amount to be subtracted from the account.
 - 6- **Revised Amount** should reflect the equivalent of:
$$\text{Approved Amount} + \text{Debit (Increase)} = \text{Revised Amount}$$

OR

$$\text{Approved Amount} - \text{Credit (Decrease)} = \text{Revised Amount}$$
 - 7- Should reflect the **net** effect of increases/decreases to revenues.

- E. **EXPENDITURES:** The lower half of the budget revision form should be used to report any EXPENDITURE accounts to be adjusted.
- 1- **Account Number** is the 3-digit number of the expenditure account; for example: the 3-digit account number for city hall would be account # 440.
 - 2-**Account Description** should reflect the name of the account; For Example: The account description for #440 would be City Hall and for #700 the account description would be Police Department.
 - 3-**Approved Amount** is the amount originally approved by the state auditor plus any budget revisions approved by the state auditor prior to the budget revision under consideration.
 - 4-**Debit (Decrease)** should reflect the amount to be subtracted from the account.
 - 5-**Credit (Increase)** should reflect the amount to be added to the account.
 - 6-**Revised Amount** should reflect the equivalent of:
$$\text{Approved Amount} - \text{Debit (Decrease)} = \text{Revised Amount}$$

OR

$$\text{Approved Amount} + \text{Credit (Increase)} = \text{Revised Amount}$$
 - 7-Should reflect the **net** effect of increases/decreases on expenditures. Revenues and expenditures must balance.

*Budget revisions which involve adjustments to accounts too numerous to list on the BR 1180 form may be listed on a **supplemental budget revision form (BR 1180S)** The supplemental form BR 1180S may be used for the listing of revenue or expenditure accounts. This form is also available in excel format (Appendix A)

F. **Authorized Signature for Governing Body – Entity Approval Date**

Each budget revision should include the signature of the person whose name appears on the original levy estimate (budget) submitted to the state auditor for approval in March. This person's name appears on the roster of the budget on file with the State

Auditor. The Entity Approval Date is the date of the council meeting in which the budget revision was on the agenda & should correspond with the date reflected on the Resolution.

- G. State Auditor's Office Use Only: **Reviewed:** Is the date the revision was approved. By: Is the person who reviewed the revision for approval.
 - H. State Auditor's Office Use Only: **Posted:** Is the date the data entry was done on the revision. By: Is the person who did the data entry.
 - I. State Auditor's Office Use Only: Reflected the **signature** of the person who has authority for approving budget revision requests.
7. **Resolutions/Orders:** Budget revisions require a record of formal action taken by council and therefore, must be acted upon during a regular or special session. Budget revisions must be accompanied by the resolution or order of council approving such revision. The resolution/order must include:
- A. The name of the governing body
 - B. The date of the meeting in which the budget revision was on the agenda
 - C. The fund to be revised (general or coal severance)
 - D. The statement that the request to revise the budget is "PRIOR TO THE EXPENDITURE OF OBLIGATION OF FUNDS"
 - E. The council person who moved and seconded the a motion to approve the budget revision.
 - F. The yes or no vote of council
 - G. The person authorized to sign the budget revision form.
8. Budget revisions will not be posted and approved for any entity that has not satisfactorily responded to the issues of noncompliance or the request for additional information outlined in the entity's **"Conditional Approval of the Levy Estimate-Budget"**.

9. If an **object of expenditure is deficient**, first determine if there is any way to make adjustments within the previously approved expenditure account, so that the original appropriation approved in the levy estimate will be sufficient without a transfer of funds from one account to the deficient account. For example:

	Approved Amount
Account #700 Police Department	
Object of Expenditure #459 Capital Outlay – Equipment	0

First Scenario:

The police chief needs new equipment but no funds were appropriated in the original levy estimate.

Determine if funds may be transferred from one of the other objects of expenditure within account #700 to object of expenditure #459 to satisfy the deficiency.

The police chief determines that he will have surplus funds available under object of expenditures #341 materials and supplies and request that council move funds from object #341 to object 459.

This is an in-house transfer and will require the request of the police chief and approval of council but not the approval of the state auditor.

Second Scenario:

The police chief needs new equipment but no funds were appropriated in the original levy estimate. The police chief has determined that no surplus funds exist in any of the other objects of expenditure within expenditure account #700.

Council, in order to provide funding for this purpose, will need to determine if any of the other accounts in the levy estimate -budget have surplus funds appropriated.

The council determines there are surplus funds available from another account #440, object of expenditure #211 Telephone.

Council must first submit a budget revision request to the state auditor for approval **before they obligate or expend** the funds for the equipment.

In other words, the only budget revision requests that require the state auditor's approval are those that have a **NET EFFECT** on the **ACCOUNT TOTAL** of a revenue or expenditure.

All transfers within a single 3-digit account number are considered in-house transfers and require the approval of council.

10. **Coal Severance Tax Fund - W.Va. Code §11-13A-6.** A revision to the revise the estimated **unencumbered fund balance** to actual fund balance must be made by **July 15**.
11. **General Fund:** A revision to bring in the actual amount of carry-over or **unencumbered balance** (acct. #299) into the general fund should be submitted by **July 30**. This amount should include balances in checking accounts, savings accounts, investments, etc.

Under the modified accrual basis of accounting, the fund balance should also include all other assets and liabilities at June 30. This includes taxes receivable and an off-setting deferred revenue liability account for that portion of taxes receivable which will be collected within 60 days. All other delinquent taxes estimated to be received should be brought into the budget under Account #301-02/05 – Prior Year Taxes, instead of #299 – Unencumbered Fund Balance.

12. Make only **one entry** per account; that is the net effect of all increases/decreases to that single account.
13. State account numbers in **numerical order**. Budget revisions submitted with accounts not listed in numerical order are subject to be returned to the entity.
14. **Assignment of Account numbers:** Account numbers are assigned by the State Auditor's Office Local Government Services Division only. Refer to the Uniform Chart of Accounts for assigned numbers OR the most current levy estimate-budget document.

15. Amounts must be stated in whole dollars; **do not use cents.**
16. Budget revisions for the general and coal severance fund must be submitted on **separate forms.**
17. Budget revisions must **balance.** Net change to revenues must equal the net change of expenditures.
18. **Year End Budget Revisions:** No budget revisions will be accepted at the end of the fiscal year which cannot be reviewed, posted, approved and RETURNED TO THE GOVERNING BODY PRIOR TO JUNE 30. This means that the entity should submit its last revision no later than **JUNE 10,** except in emergency situations.
19. Budget revisions made for the obvious purpose of bringing all line items into line at the **end of the year** after the expenditures have been made will not be approved by this office. The entity must set up budgetary controls to ensure that such year-end corrections of line items which have been over expended do not occur.
20. **Emergencies:** Budget revisions must be made prior to the obligation and expenditure of funds and with the prior approval of the council and the state auditor, except in the following circumstances:

In the event it becomes necessary to make an emergency purchase for an unanticipated expense and there is not sufficient time to obtain the prior approval of the council or state auditor due to the urgent nature of the purchase, make the purchase and then make a budget revision request to rectify the action taken. In such instances, the resolution should state that the revision is being made to adjust the budget for emergency purchases, and it should also indicate the circumstances which required such emergency purchases.

Please note that, generally, emergency circumstances are viewed as those conditions which are life threatening or financial significant.

In the last few weeks of the fiscal year, budget revisions may be submitted for last minute expenses without the certified approval of the council, if the final regular meeting has already

been held, every attempt has been made to hold a special meeting, and/or penalties imposed for non payment would be financially significant. However, this applies only to adjustments to prevent over expenditures in a few accounts, and does not authorize year-end budget revisions to bring all accounts into balance after the expenditure of funds. The circumstances and extent of such revision may be approved at the discretion of the state auditor based upon an evaluation and review. In addition, the entity's annual audit will include a review and verification of the representations made by the entity concerning any such revision.

21. Budget revisions for account #**301-01, Property Taxes-current year**, which are the result of council having received an amended certificate of valuation from the assessor, must be accompanied by a new levy page and a copy of the amended certificate of value. Please note that, if the difference in the taxes levied is not a material amount, council may make an adjustment for the difference in uncollectible taxes so that the new amount to be raised by the levy of property taxes remains unchanged. This action would not require a revision to the budgeted revenues. However, the entity should still submit a new levy page reflecting the amended values, adjustments, and a copy of the amended certificate of valuation.
22. **Special Funds:** In many circumstances council has statutory authority to create, by proper order, special funds for specific purposes. Expenditures must be made only for the purpose for which the special fund was created. However, in the event of a necessity or emergency the council, with the approval of the state auditor, may transfer money from the special fund to the general fund. When the purpose for which the special fund was created has been accomplished or completed, council may transfer any balance remaining to the general county fund.

The request to transfer money from the special fund to the general county fund should include an explanation of the special fund and the reason(s) which necessitate the transfer of the special funds the general fund.

Revenue account #369, "Transfers/Contributions From Other Funds" was established to facilitate the transfer of monies from special funds created by council to the general funds.

23. The coal severance fund has the following restriction:

(1) 25% Rule: Only 25% of the total severance fund may be used for personal services.

Coal Severance Budget		
299	Unencumbered Fund Balance	25,000
305	Coal Severance Revenue	100,000
365	Interest	<u>5,000</u>
Total Coal Severance Fund Budget		130,000
		X <u>25%</u>
Restriction on personal services		<u><u>32,500</u></u>

24. **Reimbursements/Refunds:** Account #381 should be used to reflect refunds/reimbursements to the general fund from external sources which are not material and are used to infrequently to classify.
25. Please contact this office if a request to revise the budget is not returned within **two (2) weeks**.
26. Budget revision forms are prescribed and supplied by the state auditor. You may order forms by writing or telephoning the Local Government Services Division.

Budget revision form: CID: BR 1180

Budget revision supplement: CID: BR 1180S

OR...These forms are available in Appendix A, on our web site, on disk or may be transferred to you via email.

It is not necessary to submit multiple copies of the budget revision form if you are using the forms created in excel format.

INCORPORATED CITIES & TOWNS
W. Va. Code 8-1-3
(2000 Census)

<u>CLASS</u>	<u>POPULATION</u>	<u>QUANTITY</u>
I	50,000 or More	2
II	10,000 – 49,999	12
III	2,000 – 9,999	47
IV	BELOW 2,000	171
TOTAL		232

CLASS I CITIES (2)

MUNICIPALITY	2000 POPULATION	COUNTY
CHARLESTON	53,421	KANAWHA
HUNTINGTON	51,475	CABELL & WAYNE

CLASS II CITIES (13)

MUNICIPALITY	2000 POPULATION	COUNTY
BECKLEY	17,254	RALEIGH
BLUEFIELD	11,451	MERCER
CLARKSBURG	16,743	HARRISON
FAIRMONT	19,097	MARION
MARTINSBURG	14,972	BERKELEY
MORGANTOWN	26,809	MONONGALIA
PARKERSBURG	33,099	WOOD
SOUTH CHARLESTON	13,390	KANAWHA
ST. ALBANS	11,567	KANAWHA
VIENNA	10,861	WOOD
WEIRTON	20,411	HANCOCK & BROOKE
WHEELING	31,419	OHIO & MARSHALL

INCORPORATED CITIES & TOWNS

W. Va. Code 8-1-3

(2000 Census)

CLASS III CITIES (47)

MUNICIPALITY	2000 POPULATION	COUNTY
BARBOURSVILLE	3,183	CABELL
BETHLEHEM	2,651	OHIO
BRIDGEPORT	7,306	HARRISON
BUCKHANNON	5,725	UPSHUR
CHARLES TOWN	2,907	JEFFERSON
CHESTER	2,592	HANCOCK
DUNBAR	8,154	KANAWHA
ELKINS	7,032	RANDOLPH
FAYETTEVILLE	2,754	FAYETTE
FOLLANSBEE	3,115	BROOKE
GRAFTON	5,489	TAYLOR
HINTON	2,880	SUMMERS
HURRICANE	5,222	PUTNAM
KENOVA	3,485	WAYNE
KEYSER	5,303	MINERAL
KINGWOOD	2,944	PRESTON
LEWISBURG	3,624	GREENBRIER
MADISON	2,677	BOONE
MANNINGTON	2,124	MARION
MILTON	2,206	CABELL
MOOREFIELD	2,375	HARDY
MOUNDSVILLE	9,998	MARSHALL
NEW MARTINSVILLE	5,984	WETZEL
NITRO	6,824	KANAWHA & PUTNAM
OAK HILL	7,589	FAYETTEF
PADEN CITY	2,860	WETZEL & TYLER
PETERSBURG	2,423	GRANT
PHILIPPI	2,870	BARBOUR
PLEASANT VALLEY	3,124	MARION
POINT PLEASANT	4,637	MASON
PRINCETON	6,347	MERCER
RANSON	2,951	JEFFERSON
RAVENSWOOD	4,031	JACKSON
RICHWOOD	2,477	NICHOLAS
RIPLEY	3,263	JACKSON
SALEM	2,006	HARRISON
SHINNSTON	2,295	HARRISON
SPENCER	2,352	ROANE
ST. MARYS	2,017	PLEASANTS
SUMMERSVILLE	3,294	NICHOLAS

INCORPORATED CITIES & TOWNS**W. Va. Code 8-1-3****(2000 Census)****CLASS III CITIES (47)**

MUNICIPALITY	2000 POPULATION	COUNTY
WELCH	2,683	MCDOWELL
WELLSBURG	2,891	BROOKE
WESTON	4,317	LEWIS
WESTOVER	3,941	MONONGALIA
WHITE SULPHUR SPRINGS	2,315	GREENBRIER
WILLIAMSON	3,414	MINGO
WILLIAMSTOWN	2,996	WOOD

CLASS IV TOWNS (171)

MUNICIPALITY	2000 POPULATION	COUNTY
ADDISON (WEBSTER SPRINGS)	808	WEBSTER
ALBRIGHT	247	PRESTON
ALDERSON	1,091	GREENBRIER & MONROE
ANAWALT	272	MCDOWELL
ANMOORE	685	HARRISON
ANSTED	1,576	FAYETTE
ATHENS	1,102	MERCER
AUBURN	103	RITCHIE
BANCROFT	367	PUTNAM
BARRACKVILLE	1,288	MARION
BATH (BERKELEY SPRINGS)	663	MORGAN
BAYARD	299	GRANT
BEECH BOTTOM	606	BROOKE
BELINGTON	1,788	BARBOUR
BELLE	1,259	KANAWHA
BELMONT	1,036	PLEASANTS
BENWOOD	1,585	MARSHALL
BETHANY	985	BROOKE
BEVERLY	651	RANDOLPH
BLACKSVILLE	175	MONONGALIA
BOLIVAR	1,045	JEFFERSON
BRADSHAW	289	MCDOWELL
BRAMWELL	426	MERCER
BRANDONVILLE	102	PRESTON
BRUCETON MILLS	74	PRESTON
BUFFALO	1,171	PUTNAM

INCORPORATED CITIES & TOWNS
W. Va. Code 8-1-3
(2000 Census)

CLASS IV CITIES (171)

MUNICIPALITY	2000 POPULATION	COUNTY
BURNSVILLE	481	BRAXTON
CAIRO	263	RITCHIE
CAMDEN-ON-GAULEY	157	WEBSTER
CAMERON	1,212	MARSHALL
CAPON BRIDGE	200	HAMPSHIRE
CARPENDALE	954	MINERAL
CEDAR GROVE	862	KANAWHA
CEREDO	1,675	WAYNE
CHAPMANVILLE	1,211	LOGAN
CHESAPEAKE	1,643	KANAWHA
CLAY	593	CLAY
CLEARVIEW	590	OHIO
CLENDENIN	1,116	KANAWHA
COWEN	513	WEBSTER
DANVILLE	550	BOONE
DAVIS	624	TUCKER
DAVY	373	MCDOWELL
DELBARTON	474	MINGO
DURBIN	262	POCAHONTAS
EAST BANK	933	KANAWHA
ELEANOR	1,345	PUTNAM
ELIZABETH	994	WIRT
ELK GARDEN	217	MINERAL
ELLENBORO	373	RITCHIE
FAIRVIEW	435	MARION
FALLING SPRINGS	209	GREENBRIER
FARMINGTON	387	MARION
FLATWOODS	348	BRAXTON
FLEMINGTON	287	TAYLOR
FORT GAY	819	WAYNE
FRANKLIN	797	PENDELTON
FRIENDLY	159	TYLER
GARY	917	MCDOWELL
GASSAWAY	901	BRAXTON
GAULEY BRIDGE	738	FAYETTE
GILBERT	417	MINGO
GLASGOW	783	KANAWHA
GLEN DALE	1,552	MARSHALL
GLENVILLE	1,544	GILMER
GRANT TOWN	657	MARION

INCORPORATED CITIES & TOWNS
W. Va. Code 8-1-3
(2000 Census)

CLASS IV CITIES (171)

MUNICIPALITY	2000 POPULATION	COUNTY
GRANTSVILLE	565	CALHOUN
GRANVILLE	778	MONONGALIA
HAMBLETON	246	TUCKER
HAMLIN	1,119	LINCOLN
HANDLEY	362	KANAWHA
HARMAN	126	RANDOLPH
HARPERS FERRY	307	JEFFERSON
HARRISVILLE	1,842	RITCHIE
HARTFORD	519	MASON
HEDGESVILLE	240	BERKELEY
HENDERSON	325	MASON
HENDRICKS	319	TUCKER
HILLSBORO	243	POCAHONTAS
HUNDRED	344	WETZEL
HUTTONSVILLE	217	RANDOLPH
IAEGER	358	MCDOWELL
JANE LEW	406	LEWIS
JUNIOR	450	BARBOUR
KERMIT	209	MINGO
KEYSTONE	453	MCDOWELL
KIMBALL	411	MCDOWELL
LEON	132	MASON
LESTER	322	RALEIGH
LOGAN	1,630	LOGAN
LOST CREEK	467	HARRISON
LUMBERPORT	937	HARRISON
MABSCOTT	1,403	RALEIGH
MAN	770	LOGAN
MARLINTON	1,204	POCAHONTAS
MARMET	1,693	KANAWHA
MASON	1,064	MASON
MASONTOWN	647	PRESTON
MATEWAN	498	MINGO
MATOAKA	317	MERCER
MCMECHEN	1,937	MARSHALL
MEADOW BRIDGE	321	FAYETTE
MIDDLEBOURNE	870	TYLER
MILL CREEK	662	RANDOLPH

INCORPORATED CITIES & TOWNS**W. Va. Code 6-1-3****(2000 Census)****CLASS IV CITIES (171)**

MUNICIPALITY	2000 POPULATION	COUNTY
MITCHELL HEIGHTS	301	LOGAN
MONONGAH	939	MARION
MONTGOMERY	1,942	FAYETTE & KANAWHA
MONTROSE	156	RANDOLPH
MOUNT HOPE	1,487	FAYETTE
MULLENS	1,769	WYOMING
NEW CUMBERLAND	1,099	HANCOCK
NEW HAVEN	1,559	MASON
NEWBURG	360	PRESTON
NORTH HILLS	880	WOOD
NORTHFORK	519	MCDOWELL
NUTTER FORT	1,686	HARRISON
OAKVALE	142	MERCER
OCEANA	1,550	WYOMING
PARSONS	1,463	TUCKER
PAW PAW	524	MORGAN
PAX	174	FAYETTE
PENNSBORO	1,199	RITCHIE
PETERSTOWN	499	MONROE
PIEDMONT	1,014	MINERAL
PINE GROVE	571	WETZEL
PINEVILLE	715	WYOMING
POCA	1,013	PUTNAM
PRATT	551	KANAWHA
PULLMAN	169	RITCHIE
QUINWOOD	435	GREENBRIER
RAINELLE	1,545	GREENBRIER
REEDSVILLE	517	PRESTON
REEDY	198	ROANE
RHODELL	234	RALEIGH
RIDGELEY	762	MINERAL
RIVESVILLE	913	MARION
ROMNEY	1,940	HAMPSHIRE
RONCEVERTE	1,557	GREENBRIER
ROWLESBURG	613	PRESTON
RUPERT	940	GREENBRIER
SAND FORK	176	GILMER
SHEPHERDSTOWN	803	JEFFERSON
SISTERSVILLE	1,588	TYLER

INCORPORATED CITIES & TOWNS**W. Va. Code 6-1-3****(2000 Census)****CLASS IV CITIES (171)**

MUNICIPALITY	2000 POPULATION	COUNTY
SMITHERS	904	FAYETTE & KANAWHA
SMITHFIELD	177	WETZEL
SOPHIA	1,301	RALEIGH
STAR CITY	1,366	MONONGALIA
STONEWOOD	1,815	HARRISON
SUTTON	1,011	BRAXTON
SYLVESTER	195	BOONE
TERRA ALTA	1,456	PRESTON
THOMAS	452	TUCKER
THURMOND	7	FAYETTE
TRIADELPHIA	817	OHIO
TUNNELTON	336	PRESTON
UNION	548	MONROE
VALLEY GROVE	405	OHIO
WAR	788	MCDOWELL
WARDENSVILLE	246	HARDY
WAYNE	1,105	WAYNE
WEST HAMLIN	696	LINCOLN
WEST LIBERTY	1,220	OHIO
WEST LOGAN	418	LOGAN
WEST MILFORD	651	HARRISON
WEST UNION	806	DODDRIDGE
WHITEHALL	595	MARION
WHITESVILLE	520	BOONE
WINDSOR HEIGHTS	431	BROOKE
WINFIELD	1,858	PUTNAM
WOMELSDORF (COALTON)	247	RANDOLPH
WORTHINGTON	170	MARION

***ACCORDING TO THE 2000 CENSUS THE FOLLOWING ENTITIES HAVE
CHANGED CLASS:***

LOGAN FROM A CLASS 3 TO A CLASS 4

MCMECHEN FROM A CLASS 3 TO A CLASS 4

MONTGOMERY FROM A CLASS 3 TO A CLASS 4

MOUNDSVILLE FROM A CLASS 2 TO A CLASS 3

MULLENS FROM A CLASS 3 TO A CLASS 4

PLEASANT VALLEY FROM A CLASS 4 TO A CLASS 3

GLOSSARY OF TERMINOLOGY

Assessed Valuations for Calculating the Reduced “Rolled Back” Levy Rate (see “Roll Back” Certification): These values are used to calculate the reduced or rolled back levy rate for regular current expense levies. The values do not include any new property or improvement values, back tax value, or incremental value.

Assessor’s Valuation Fund: Created under W. Va. Code § 11-1C-8. These funds are to be used to fund the ongoing extra costs associated with the valuation and training mandated by this article. The funds are intended to enable assessors to maintain current valuations and to perform the periodic reevaluation required under W. Va. Code § 11-1C-9. Code § 11-1C-8 requires that a percent of the regular current expense levies be distributed to the assessor’s valuation fund for this purpose. The county commission will exercise no control over this fund and the clerk of the county commission performs the bookkeeping function for the fund in the same manner as any other county fund.

Bond Levy Rate (property tax): A municipality may sell its bonds in accordance with the provisions of W. Va. Code § 13-1-1 et seq. for such purposes as acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, library or museum, or a building or structure for educational purposes, or acquiring a recreation park, civic arenas, auditoriums, exhibition halls and theaters, in an amount not to exceed 2.5% of the total taxable assessed value of property. A municipality having three hundred inhabitants or more may issue bonds in an additional sum not exceeding 2.5% of the value of taxable property for the purpose of grading, paving, sewerage, and otherwise improving or reimproving its streets and alleys, or for establishing and maintaining a library or museum for the public use, or a building or structure for educational purposes, or acquiring a recreation park for the public use, or for acquiring, constructing, furnishing, equipping and maintaining civic arenas, auditoriums, exhibition halls and theaters. A bond levy put before the voters must receive 3/5 of the votes cast in favor of the bond levy. A bond levy may not extend for more than 34 years. The levy rate must be deducted from the rate available for current expense pursuant to W. Va. Code 11-8-6b (reference the annotations of this Code Section). Any municipality interested in bond levies should contact the Municipal Bond Commission and they should seek bond counsel.

Budget Proposal for Elected Officials and Department Heads: The detailed request for appropriation from an elected official or department which is broken down by object of expenditure. This document supports the departmental line item appropriation adopted and approved by council in the levy estimate-budget and is the basis for the recorder or city clerk’s bookkeeping and accounting records.

Certificate of Valuations: A form used by the county assessor and county clerk to certify real, personal and public utility valuation to the levying body pursuant to W. Va. Code § 11-3-6. The form is prescribed and furnished by the State Department of Tax and Revenue to the county assessor.

Certification of Notice and Public Hearing (Form): The recorder certifies by affixing his/her signature that a Notice of Tax Increase has been published and a public hearing has been conducted regarding the property tax increase.

Classification of Property:

Class I: All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.

Class II: All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III: All real and personal property situated outside of municipalities, exclusive of Classes I and II.

Class IV: All real and personal property situated inside of municipalities, exclusive of Classes I and II.

Conditional Budget Approval: The budget document has been for all practical purposes approved. The entity is generally required to submit additional information. Satisfactory completion and submission of the requested information generally brings the budget into compliance. The entity should, with a conditional approval, still meet the 3rd Tuesday in April to officially **lay the levy**.

Current Expense Regular Levy Rate (property tax): property tax revenue generated from the current year **regular levy** of property taxes that is available for general current expense.

Excess Levy Rate (property tax): W. Va. Code § 11-8-16 and § 11-8-17 states that a municipality may provide for an election to increase the levy rates for specific purposes; the levy must receive 60% of the votes cast in favor of the excess levy and the levy may not extend for more than 5 years. Excess Levies are discussed in detail under a separate guideline which is also available on our web site or in hard copy form. Excess Levies are discussed in detail under a separate guideline which is also available on our web site or in hard copy form.

Fiscal Year: July 1 – June 30

Fund Balance: unencumbered cash available July 1 and accounts receivable due within 60 days after the beginning of the fiscal year.

Incremental Value: The difference in the value certified by the county assessor in the base year in which a development area was established and the current assessed value. This value should not be used in the formulas used to calculate the reduced “rolled back” rate for regular current expense levies.

Itemized Statement: Levy Estimate – Budget Document; a document that sets forth the property tax rates and the general and coal severance fund projected revenues by source and expenditures by department.

Lay the Levy: The levying body meets on the 3rd Tuesday to officially lay the levy; or in other words, officially adopt the proposed property tax levy rates and budget that was adopted by the governing body between March the 7th and 28th and approved in writing, by the state auditor. The levying body may not officially lay the levy until it has first been approved, in writing, by the State Auditor.

Levy Estimate – Budget Document: A document that sets forth the property tax rates and the general and coal severance fund projected revenues by source and expenditures by department.

Levy Order/Rate Sheet: Documents that the levying body met on the 3rd Tuesday in April to officially lay the levy. The format of the Order is prescribed by the state auditor and includes the assessed values and property tax rates. This form is a replica of the levy page of the levy estimate – budget document.

Levy Page: Page 3 of the levy estimate – budget document. Reflects the assessed valuation for tax purposes (column E of the Certificate of Value), property tax levy rates for regular current expense levies, excess levies and bond levies and the taxes levied thereon.

Levying Body: A county commission, municipal government or board of education that has been given Constitutional and statutory authority to levy taxes on its citizens.

Municipal Corporation Definitions Pursuant to W. Va. Code 5-1-2: See final page of Glossary

Objects of Expenditure: An object of expenditure is a descriptive line item expenditure which supports the appropriation for each departmental line item reported in the levy estimate budget and on the county's books. Objects are broken down into five broad categories: Personal Services, Contractual Services, Commodities, Capital Outlay, and Contributions/Transfers.

Projected Property tax collection: The amount of taxes levied **after** an allowance is made for delinquent taxes, exonerations, and tax discounts .

Projected Property tax revenue: The "gross" amount to be raised by the levy of property taxes. The amount of taxes levied **before** any allowance is made for delinquent taxes, exonerations and tax discounts.

Property tax levy rates: a tax rate adopted pursuant to W. Va. Code 11-8-6e that is applied to each \$100 of assessed valuation on each class of property to generate property tax revenues. Maximum rate for current expense and bond levies as provided by W. Va. Code 11-8-6d is Class I – 12.5¢; Class II-25¢; and Classes III/IV-50¢. The maximum levy rate for an excess levy is Class I-6.25¢; Class II-12.5¢; and Classes and IV-25¢

Property Valuation and Training Commission (PVTC): This Commission was created under W. Va. Code § 11-1C-3 and the Commission's powers and duties are reflected under W. Va. Code § 11-1C-4. The Commission sits as an oversight committee for the reappraisal and maintenance of valuation effort charged to the county assessor and tax commissioner. For county budget purposes, the PVTC approves the percent the assessor will receive from each entity's regular levies that will be distributed to the county assessor's valuation fund. This distribution to the assessor's valuation fund is to be used to help offset the costs associated with reappraisal and maintenance of valuation. The county commission exercises no control over the fund and the clerk of the county commission performs the bookkeeping function for the fund in the same manner as any other county fund.

Reduced "Rolled Back" Property Tax Rate: Applies to regular current expense levy rates only. The rate has been adjusted so that it does not generate more than a 103% increase over the previous year's projected property tax revenue. The 103% increase applies to existing property and does not take into consideration the taxes levied on new property and new improvements; therefore, once the rate has been applied to the Certificate of Valuations which does include new property and improvements, the entity may realize an increase in taxes levied that is greater than 103%. W. Va. Code 11-8-6e anticipated and allows for this type of an increase. The definition assumes that a percentage equal to 2% was approved by the PVTC for the assessor's valuation fund.

Regular Levy Rate: or Current Expense Levy; revenue generated from the current year regular levy of property taxes that is available for general current expense (general fund).

“Roll Back” Certification (roll back form or roll back values): A short term for identifying the Assessed Values used for Calculating the Reduced “Rolled Back” Levy Rate certification form. These values are used to calculate the reduced or “rolled back” levy rate for regular current expense levies. The values do not include new property or improvement value, back tax value, or incremental value.

Municipal Corporation Definitions:

§8-1-2. Definitions of terms.

(a) For the purpose of this chapter:

(1) **"Municipality"** is a word of art and shall mean and include any Class I, Class II and Class III city and any Class IV town or village, heretofore or hereafter incorporated as a municipal corporation under the laws of this state;

(2) **"City"** is a word of art and shall mean, include and be limited to any Class I, Class II and Class III city, as classified in section three of this article (except in those instances where the context in which used clearly indicates that a particular class of city is intended), heretofore or hereafter incorporated as a municipal corporation under the laws of this state, however created and whether operating under (i) a special legislative charter, (ii) a home rule charter framed and adopted or revised as a whole or amended under the provisions of former chapter eight-a of this code or under the provisions of article three or article four of this chapter, (iii) general law, or (iv) any combination of the foregoing; and

(3) **"Town or village"** is a term of art and shall, notwithstanding the provisions of section ten, article two, chapter two of this code, mean, include and be limited to any Class IV town or village, as classified in section three of this article, heretofore or hereafter incorporated as a municipal corporation under the laws of this state, however created and whether operating under (i) a special legislative charter, (ii) general law, or (iii) a combination of the foregoing.

(b) For the purpose of this chapter, unless the context clearly requires a different meaning:

(1) **"Governing body"** shall mean the mayor and council together, the council, the board of directors, the commission, or other board or body of any municipality, by whatever name called, as the case may be, charged with the responsibility of enacting ordinances and determining the public policy of such municipality; and in certain articles dealing with intergovernmental relations shall also mean the county court of any county or governing board of other units of government referred to in said articles;

(2) **"Councilmen"** shall mean the members of a governing body, by whatever name such members may be called;

(3) **"Mayor"** shall mean the individual called mayor unless as to a particular municipality a commissioner (in a commission form of government) or the city manager (in a manager form of government) is designated or constituted by charter provision as the principal or chief executive officer or chief administrator thereof, in which event the term "mayor" shall mean as to such municipality such commissioner or city manager unless as to any particular power, authority, duty or function specified in this chapter to be exercised, discharged or fulfilled by the mayor it is provided by charter provision or ordinance that such particular power, authority, duty or function shall be exercised, discharged or fulfilled by the individual called mayor and not by a commissioner or city manager, in which event such particular power, authority, duty or function shall in fact be exercised, discharged or fulfilled in and for such municipality by the individual called mayor: *Provided, That in the exercise and discharge of the ex officio justice of the peace, conservator of the peace and mayor's court functions specified in this chapter, the term "mayor" shall always mean the individual called mayor;*

(4) **"Recorder"** shall mean the recorder, clerk or other municipal officer, by whatever name called, charged with the responsibility of keeping the journal of the proceedings of the governing body of the municipality and other municipal records;

(5) **"Treasurer"** shall mean the treasurer or other municipal officer, by whatever name called, exercising the power and authority commonly exercised by a treasurer;

(6) **"Administrative authority"** shall mean the officer, commission or person responsible for the conduct and management of the affairs of the municipality in accordance with the charter, general law and the ordinances, resolutions and orders of the governing body thereof;

(7) **"Charter"** shall mean, except where specific reference is made to a particular type of charter, either a special legislative charter (whether or not amended under the provisions of former chapter eight-a of this code or under article four of this chapter, and although so amended, such special legislative charter shall, for the purposes of this chapter, remain a special legislative charter), or a home rule charter framed and adopted or revised as a whole or amended by a city under the provisions of former chapter eight-a of this code or under the provisions of article three or article four of this chapter;

(8) **"Ordinance"** shall mean the ordinances and laws enacted by the governing body of a municipality in the exercise of its legislative power, and in one or more articles of this chapter, ordinances enacted by a county court;

(9) **"Inconsistent or in conflict with"** shall mean that a charter or ordinance provision is repugnant to the constitution of this state or to general law because such provision (i) permits or authorizes that which the constitution or general law forbids or prohibits, or (ii) forbids or prohibits that which the constitution or general law permits or authorizes;

(10) **"Qualified elector," "elector," "qualified voter" or "legal voter"** shall mean any individual who, at the time he offers to vote or at the time he participates in any event or activity (such as signing a petition) under the provisions of this chapter for which he must be a qualified elector, elector, qualified voter or legal voter, is a resident within the corporate limits of the municipality or within the boundaries of a territory referred to in this chapter, as the case may be, and who (i) has been a resident of the state for one year and of the municipality or territory in question for at least sixty days next preceding such election or date pertinent to any such event or activity, and (ii) in the case of a regular municipal election, special municipal election, municipal public question election or any such municipal event or activity, is duly registered on the municipal registration books set up in the office of the clerk of the county court of the county in which the municipality or the major portion of the territory thereof is located under the integration of the municipal registration of voters with the "permanent registration system" of the state, or, in the event there be no such integration of the municipal registration of voters, is duly registered in the county in which he resides to vote in state-county elections, or (iii) in the case of a territory election, general election or any such territory event or activity, is duly registered in the county in which he resides to vote in state-county elections; and any charter provision or ordinance establishing a voting residency requirement different than that in this definition provided shall be of no force and effect; and in any case where a particular percentage of the qualified electors, electors, qualified

voters or legal voters is required under the provisions of this chapter in connection with any such event or activity as aforesaid, the percentage shall be determined on the basis of the number of qualified electors, electors, qualified voters or legal voters, as of the time of such event or activity, unless it is impracticable to determine such percentage as of such time and it is provided by ordinance, resolution or order that the percentage shall be determined on the basis of the number of qualified electors, electors, qualified voters or legal voters, as of the date of the last preceding election (whether a general election, regular municipal election or special municipal election and whether or not they voted at such election) held in such municipality or territory, as the case may be;

(11) **"Public question"** shall mean any issue or proposition required to be submitted to the qualified voters of a municipality or of a territory referred to in this chapter for decision at an election, as the case may be;

(12) **"Inhabitant"** shall mean any individual who is a resident within the corporate limits of a municipality or within the boundaries of a territory referred to in this chapter, as the case may be;

(13) **"Resident"** shall mean any individual who maintains a usual and bona fide place of abode within the corporate limits of a municipality or within the boundaries of a territory referred to in this chapter, as the case may be;

(14) **"Freeholder"** shall mean any person (and in the case of an individual one who is sui juris and is not under a legal disability) owning a "freehold interest in real property";

(15) **"Freehold interest in real property"** shall mean any fee, life, mineral, coal or oil or gas interest in real property, whether legal or equitable, and whether as a joint tenant or a tenant in common, but shall not include a leasehold interest (other than a mineral, coal or oil or gas leasehold interest), a dower interest, or an interest in a right-of-way or easement, and the freehold interest of a church or other unincorporated association shall be considered as one interest and not as an individual interest of each member thereof;

(16) **"County court"** shall mean the governmental body created by section twenty-two, article eight of the constitution of this state, or any existing tribunal created in lieu of a county court;

(17) **"Code"** shall mean the code of West Virginia, one thousand nine hundred thirty-one, as heretofore and hereafter amended; and

(18) **"Person"** shall mean any individual, firm, partnership, corporation, company, association, joint-stock association, or any other entity or organization of whatever character or description.

(c) The term **"intergovernmental relations"** is used in this chapter to mean undertakings and activities which may be undertaken or engaged in by two or more units of government acting jointly, and in certain headings in this chapter to call attention to the fact that the provisions under such headings apply to units of government in addition to municipalities.

(d) For the purpose of this chapter, unless the context clearly indicates to the contrary, words importing the masculine gender shall include both the masculine and feminine gender, and the phrase "charter framed and adopted or revised as a whole or amended (or words of like import) under the provisions of former chapter eight-a of this code" shall include a charter framed and adopted or revised as a whole or amended under the provisions of former article two of former chapter eight of this code.

APPENDIX A

FORMS & SAMPLES

**ALL FORMS LISTED IN THIS GUIDELINE CAN BE OBTAINED ON OUR
WEB-SITE:**

www.wvsao.gov

under the Local Government Section